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NOTICE

REGULAR MEETING OF THE TELECOMMUNICATIONS COMMISSION CITY AND COUNTY OF SAN FRANCISCO

Monday, January 25, 1999, 5:30 PM
City Hall
1 Dr. Carlton B. Goodlett Place, Room 400

AGENDA

1. CALL TO ORDER AND ROLL CALL

E. David Ellington, President
Ernest Jackson, Vice President
Commissioner Bonnie Engel
Commissioner Jan Masaoka

Excused Absence: Commissioner John Lira

DOCUMENTS DEPT.

JAN 20 1999

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2. APPROVAL OF THE MINUTES

Adoption of the Minutes of December 21, 1998 meeting of the
Telecommunications Commission.

- Public Testimony

3. COMMUNICATIONS

See Attached

- Public Testimony

4. **DIRECTOR'S REPORT**

- City Hall
- 911
- Y2K
- Budget
- Other Items by Division
- Public Testimony

5. **OLD BUSINESS**

A. Telecommunications Plan

1. Monthly Progress Report
 2. Discussion of Media Connections Group's (MCG) report, "A Survey of Telecommunications Companies Doing Business in San Francisco"
- Public Testimony

B. Report on the interim improvements on the public access channel

- Public Testimony

C. Demonstration of the City's "Cityspan" Web site

- Public Testimony

7. **CALENDAR MATTERS**

- Public Testimony

8. **PUBLIC COMMENT**

9. **ADJOURNMENT**

COMMUNICATIONS RECEIVED December 14, 1998 – January 15, 1999

1. Letter from San Francisco Community Television Corporation (SFCTC), dated January 11, 1999, regarding the relationship between DTIS and SFCTC;
2. Press release from TCI, dated January 7, 1999, regarding TCI's new San Francisco cable store;
3. Letter from TCI, dated December 10, 1998, regarding changes in the location on the line-up for five of the digital channels;
4. Letter from the Earth Island Institute, dated November 27, 1998, urging the City to let the San Francisco Community Television Corporation (SFCTC) manage San Francisco's public access channel; and
5. TCI complaint packet, July 1, 1998 – September 30, 1998.

SUNSHINE ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the peoples' review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-6083.

DISABILITY ACCESS

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The closest accessible BART station is the Civic Center station, located at the intersection of Grove, Hyde, and Market Streets.

Accessible MUNI bus lines serving City Hall are the 19 Polk, 42 Downtown Loop, 9 San Bruno, and the 7 Haight/Noriega. Accessible MUNI lines are the J, K, L, and M. Disabled parking is available at designated points along Van Ness, McAllister, Grove, and Polk streets.

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American Sign Language interpreters, sound enhancement devices, information in alternative format and/or Stenocaptioning will be available upon request.

Please make your request for reasonable accommodations at least 72 hours in advance of any public meeting or hearing.

ATTACHMENT

A

TELECOMMUNICATIONS COMPANIES IN SAN FRANCISCO

A Survey of 18 Companies
Providing Voice, Video and Data
Services

OVERVIEW OF REPORT

A Survey of Telecommunication Providers

- Media Connections Group Conducted the Survey
- Contacted Voice, Data and Video Providers
- Methodology:
 - Personal Interviews with Executives from 12 Providers
 - Telephone Interviews with Other Providers
 - Review of Public Financial Documents
 - Review of Trade Publications

OVERVIEW OF REPORT

Focus of Survey

- Attempt to Estimate Competition Today
 - Geographic Areas Served by More Than One Company
 - Types of Customers Served by More Than One Company
- Attempt to Project Competitive Behavior
 - New Companies Coming to San Francisco
 - Expansion of Services
 - New Types of Customers
 - New Levels of Customers

OVERVIEW OF REPORT

Scope of Companies Contacted

- Types of Companies Contacted:
 - Incumbent Providers
 - Pacific Bell
 - TCI
 - New Telephone Companies
 - ICG
 - Nextlink
 - Special Telecom Companies
 - RCN
 - MetroMedia

CLEC COMPETITIVE ISSUES

Business Plans for a Competitive Market

- New Telephone Carriers Are in a Race to Serve Large Business Customers
- Must Offer Better Reliability and Lower Prices
- Therefore, Networks must:
 - Include Class 5 Switches with All Business Features
 - Use SONET Architecture Wherever Possible
 - Be Constructed to Reach High Volume Telecom Customers
 - Place Secondary Emphasis on Residential and Small Business Customers
- Rely Heavily on Fiber Optic Technology

CABLE COMPETITIVE ISSUES

Business Plans for a Competitive Market

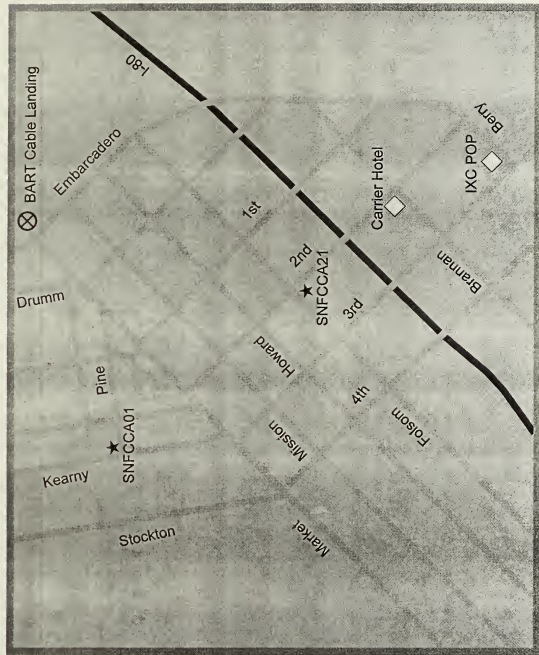
- Need to Control Non-Programming Costs
- Improve Reliability of Core Services to Compete Effectively Against DBS, MMDS, etc.
 - Fiber Backbone to Improve Network Availability
 - Small Serving Nodes to Facilitate Advanced, Two-Way Services
- Need to Extend Network into Business Areas
 - Traditionally Not Served By Cable -- No Video Customers
 - New Business Services Support Network Expansion
 - Cable Modems
 - PBX Connectivity
 - Private Data Services

BUSINESS CUSTOMERS

Size and Location Count

- Financial District and SOM are Key Areas
 - Many CLEC's Are in These Areas
 - Large and Medium Businesses Have Choices
 - Smaller Businesses Will be Served Later
- Very Large Customers Have Choices Wherever They Are
- Wireless Carriers Will Extend Geographic Area of Competition Quickly

FINANCIAL DISTRICT & SOM



Media Connections Group

RESIDENTIAL CUSTOMERS

Competition Will Come More Slowly

- Voice Competition Will Develop Slowly
 - PacBell Will Remain Dominant Provider
 - RCN may Provide POTS in Some Residential Areas
 - TCI May Provide Telephone Services if Owned by AT&T
- High Speed Data is Available to Most Residents From PacBell Using ADSL
- Some Video Competition Exists Today
 - Satellite Services Are Available in San Francisco To Most Residents
 - RCN Has Announced Plans to Provide a Competitive Service

EXECUTIVE SUMMARY

The City and County of San Francisco retained Media Connections Group ("MCG") to do a survey of the telecommunications companies that are presently doing business in San Francisco and the companies that intend to do business in San Francisco. Accordingly, MCG interviewed over a dozen companies that are, or will be providing voice, data and/or video services in the jurisdiction.

While this executive summary is a useful tool, MCG urges readers to review the detailed discussion found in the body of the full report and the exhibits.

- Exhibit No. 1 contains a summary of the telecommunications company interviews.
- Exhibit No. 2 contains a summary of the various telecommunications services and costs available in the San Francisco market today for the business and residential customers located within the "Competition Center".
- Exhibit No. 3 contains a summary of the various telecommunications services and costs available in the San Francisco market today for the business and residential customers located outside the competition center.
- Exhibit No. 4 is a glossary of terms.

Overview

The incumbent telephone company, Pacific Bell, is being challenged by a number of new telephone companies that are building their own networks in San Francisco. The competition center includes the Financial District and the area south of Market sometimes referred to as Media Gulch.

The new telephone networks are composed primarily of fiber optic cable and most competing carriers have installed the latest digital telephone switches. When one of the new companies cannot reach a customer using its own network, it leases facilities from Pacific Bell. At present, a dozen carriers have leased space in the Pacific Bell facilities serving the competition center and have placed equipment there to connect their networks with the Pacific Bell network. In addition, specialized carriers provide niche services like high-speed digital data lines. Two wireless carriers offer voice and high-speed data services to businesses using high frequency microwave radios.

In the wireline video market, the incumbent provider, TCI, controls the market. A new company, RCN, has announced plans to enter the market to provide wireline video services, as well as voice and data, to residential customers in San Francisco. TCI faces some competition from direct broadcast satellite providers, like DirecTV, but so far the penetration of satellite services has been small.

Summary of Report

The main body of the report is divided into eight sections, each of which is briefly summarized below.

Section One - *Do residents, large, medium and small businesses and nonprofit institutions have wireline telecommunications choices in San Francisco?*

Residents have limited choices of voice, high-speed data and multi-channel video services in San Francisco. Video represents the only service of the three where some choice is available. Direct broadcast satellite service from companies like DirecTV offers a relatively competitive offering compared to the incumbent cable television operator, particularly in areas of the City where the local television stations can be received clearly with an antenna. Voice and high-speed data may become competitive services in the future if TCI rebuilds its network and if RCN enters the San Francisco market.

Depending on their location in the City, businesses and not-for-profit institutions with large and medium size telecommunications needs have a choice of providers. San Francisco has one of the most competitive markets for advanced telecom services. In addition to PacBell, there are at least eight wireline facilities-based carriers operating in this market. All of these will serve the large and medium sized users.

The new carriers' service areas are concentrated in the competition center of the City. Service beyond this area is less likely, unless the user has extremely high service demands. Smaller users of telecom services located in the service areas of the new companies will benefit from being in the "network wake" of the major users.

Small and medium size businesses located outside the competition center may benefit from recent developments in wireless delivery systems. However, these businesses do not have choices of wireline telecommunications services.

Section Two - *Is it likely that competition of telecommunications providers will increase in San Francisco over the next three years or will significant consolidation occur?*

Competition to serve the voice and data needs of larger businesses will continue to grow where the new carriers can access the customers using their own networks, or where they can reach the customers using a combination of their networks and Pacific Bell's local facilities.

Competition for small businesses will be slower to develop and competition in the residential market may not develop in a meaningful way at all over the next three years.

In the three year time frame of this report, resellers of the incumbent telephone companies' networks and services will continue to face an unsettled regulatory environment that will forestall true "wholesale" pricing of network elements. It is unclear how a pure reseller can make an acceptable return on investment unless the incumbents' networks are made available in very small pieces at deeply discounted (over retail) prices.

Wireless carriers will compete to serve large business customers as well, although the area of competition may well extend beyond the physical reach of the wireline competitive carriers. While wireline carriers are limited in their reach by the cost of building distribution networks, the wireless carriers are limited by the need for line-of-sight between radio facilities.

Wireless data is an emerging competitive force. Delivery technologies are continually changing and developing. Because of its ability to reach beyond the physical limits of wireline networks, wireless will increase the overall size of the data telecommunications market. It will also take some market share from existing wireline carriers because of its speed of installation and lower cost per installation. However, MCG does not believe wireless service poses a threat to wireline dominance in prime market locations where demand is concentrated and reachable by in-ground fiber routes. Once installed, network economics favor wireline carriers in high capacity applications.

Clearly, consolidation will continue in the telecommunications industry. As a result, it is not likely that there will be many more carriers competing in San Francisco in the time frame of this report. It is reasonable to expect that some competitive carriers will be acquired by other telecommunication companies, reducing the number of providers in San Francisco. To the extent that consolidation brings improved access to capital and to management resources, the *quality* of competition may increase.

Section Three - *What factors might influence the development of competition among telecommunications providers in San Francisco?*

There are several factors that will motivate telecommunications companies to accept the risk to their capital and dilution of management resources in order to enter a new market. They include (1) the quality of the market place, (2) the quality of the incumbent telephone company or cable operator and others established in the market, (3) the ease of entry to the market, (4) the accommodation of the municipality and local community to new technology and ideas, and (5) the capital market conditions prevailing at the time of decision. These factors can apply to carriers addressing both business and residential markets.

All of these factors will apply to market locations in general and to San Francisco and the Bay Area in particular:

Market Quality

The San Francisco business market is considered to be very good by the new carriers. Pacific Rim businesses, like banks, and the high volume of Internet traffic make this an excellent market. Similarly, the relatively high level of disposable income of San Francisco residents makes San Francisco an appealing market for competitive providers of entertainment services and Internet access.

Incumbent's Strength

While some competitive carriers interviewed for this report believe they have technology or regulatory opportunities that they can exploit vis-a-vis Pacific Bell, they did not state that Pacific Bell is a poor competitor or is generally vulnerable.

Ease of Market Entry

San Francisco is an expensive area in which to construct underground facilities. However, the City's permitting and engineering staff is considered to be professional and San Francisco's permitting records are very organized compared to many other cities.

Community Receptiveness

The San Francisco population is generally considered to be very open to new technologies and ideas, but it is also perceived to be sensitive to environmental and other issues that could affect entry by new companies, particularly wireless companies.

Capital Market Conditions

Capital is one of the principal components of any business. It is particularly important in the telecommunications industry because of the capital-intensive nature of network construction. Telecommunications companies operating in San Francisco have benefited from the robust capital markets of recent years. Such telecommunications companies are attracted to San Francisco, as they are to other cities in the top tier of telecommunications markets. Capital will follow the best market opportunities, and San Francisco, like other top tier cities, is in the right place at the time to benefit from telecommunications development.

Section Four - *How many telecommunications providers serve customers through facilities they own as compared to servicing customers through resale of another carriers facilities?*

Reselling the services of other carriers applies only to the telephone industry and, in particular, only to the reselling of services or network elements provided by the incumbent, Pacific Bell. Federal law requires Pacific Bell to make its networks and services available on a wholesale basis to its new competitors for resale to customers. In contrast, the new competitors are not required to resell their network components or their services to each other, or to Pacific Bell.

Cable companies, although they own ubiquitous network facilities where they operate, have never shared their networks in any meaningful way. Similarly, the new telephone carriers are not required by law to share network facilities with third parties and generally do not do so.

Reselling Pacific Bell services has occurred for years in the Centrex service area and companies like AT&T and MCI have been "reselling" local toll calls (from San Francisco to the East Bay, for instance) for the past two years. Other companies are using Pacific Bell's facilities to provide competitive, digital subscriber lines to businesses.

However, the degree to which Pacific Bell must make its network available and the price for each component that is made available are issues that are still in litigation today. It is unlikely that resellers will significantly impact plain old telephone service (POTS) in either the residential or business market in the next three years.

Section Five - *To what extent does ownership of the "last mile" of wire inhibit the competitive provision of telecommunications services in San Francisco?*

The "last mile" question is primarily a telephone question and is not a cable television question since cable companies do not resell their network components to others.

Every telephone customer is connected directly to a switch in a "central office" which serves a relatively small and defined geographic area. Thus, each local central office switch is the center of a star configuration of copper wires radiating out from the switch in all directions to each telephone (or other piece of equipment) in the service area. In almost all cases, a telephone is connected directly to the switch that serves it via a dedicated copper pair running in the rights of way from the home to the central office. A typical central office may have 100,000 to 200,000 pairs of copper wires running to customers.

Given its size and nature, the copper plant is, by far, the most expensive component of the telephone network to duplicate. It is so expensive, in fact, that Federal legislation was enacted to mandate that the copper wires be made available to competitors of the incumbent telephone company. If this was not done, meaningful competition for customers below the large business level would not occur for a very long time, perhaps not at all.

The new competitors are using the copper wire network today to reach some business customers. The extent of their use has been impacted by the fact that Federal regulations governing price and other issues have not been finally resolved. This lack of resolution in combination with the natural strains between competitors, who are being forced to share an integral piece of infrastructure, will result in a provisioning process that is inhibited by its very nature.

Section Six - *To what extent are voice, data and video services bundled to customers and how will this practice change over the next three years?*

Telecommunications service providers have the economic incentive to deliver as many revenue generating services to each customer as possible. The economics of revenue maximization are simple. The network costs a great deal to build. Each customer along the route is expensive to sell and then install. Therefore, it is imperative that the network operator generate as much revenue and income as possible from every customer connection.

The practice of bundling services involves the offering of multiple services in various combinations, at some discount over total price of the components, in order to find the highest yielding service combinations for *each* customer. Network operating companies, like cable television companies and telephone companies, usually have a low marginal cost per incremental service per customer and this supports the package discount.

Voice and data services are offered to business customers today by the incumbent and the new telephone companies. Larger customers often sign service agreements with the carriers that effectively reduce their telecommunication costs because of the volume of services they use.

Logically, the practice of bundling services will increase as competition drives the providers to maximize the revenue from each customer they serve. Bundling will thus become more critical to the economics of service delivery for all telecommunication companies.

Section Seven - *How will Internet telephony affect the delivery of voice services to San Francisco businesses and residents?*

Internet ("IP") telephony is a digital, packet-based protocol that permits voice to be carried over the Internet, which is essentially the world's largest wide area computer network. IP telephony may become a standard form of voice transmission simply because of the practical need to integrate voice and data services in a computer network environment cheaply and reliably.

However, at present, the switches and routers that control the Internet do not operate within the tight time tolerances that are necessary for the transmission of high quality voice traffic. A significant investment must be made in equipment and, in addition, protocols that give voice traffic priority at switch and router points must be implemented throughout the Internet. Finally, if significant volumes of voice traffic are carried by the Internet, the public switched telephone network must add a layer of equipment to move the IP telephone traffic to and from the existing network.

IP telephony will not have a material impact on the San Francisco telephone market in the next three years.

Section Eight - *What factors will influence the deployment of competitive high-speed telecommunications services to low income individuals and neighborhoods?*

Digital Subscriber Line (DSL), a high-speed data service, is currently offered in San Francisco by three companies, Pacific Bell, Covad and Northpoint. Of these only Pacific Bell has identified the residential market as a target. Soon all neighborhoods in the City and most individual households will be offered high-speed data service.

Competitive high-speed data service to residences must await the rebuilding of TCI's network, or the entry of RCN to the San Francisco market place. TCI will offer high-speed cable modem services throughout the City and RCN will offer high-speed data services in its service areas.

Conclusion

There clearly is competition today in portions of the local telephone market. Geographically, competition for business customers from facilities-based carriers is centered in the Financial District and in the Media Gulch area. In the general San Francisco telecommunications market, Pacific Bell is facing significant competition in dedicated data circuits and in local toll traffic. Competition for standard, business voice lines is limited to larger businesses, but will reach deeper into the smaller business market over time.

There is no meaningful competition in the residential telephone market at this time.

In the entertainment video market, TCI is the dominant provider. Satellite video services are available in San Francisco, but the penetration is low.

The acquisition of TCI by AT&T and market entry by companies like RCN, which offers voice, data and video services to each of its customers, will expand the service choices available to the residents of San Francisco. RCN does not intend to serve all the residential market in the next three years and, therefore, competition in voice, video and data may not reach everyone. However, if TCI enters the telephony market as the result of AT&T's ownership, competition in the residential voice and high speed data market may develop in all areas of the City.

ATTACHMENT

B

DEPARTMENT OF TELECOMMUNICATIONS & INFORMATION SERVICES

City & County of San Francisco

RESOLUTION NO. 98-010

1 ENDORSING THE COMMITTEE ON INFORMATION TECHNOLOGY'S (COIT)
2 PROPOSAL TO CREATE A YEAR 2000 PROJECT MANAGEMENT OFFICE
3 AND URGING THE BOARD OF SUPERVISORS TO APPROVE THE
4 FUNDING REQUIRED FOR THE IMPLEMENTATION OF THE YEAR 2000
5 PROJECT MANAGEMENT OFFICE.

6 WHEREAS the City and County of San Francisco relies heavily on
7 technology to perform services vital to its citizens and to the operation of the City
8 government; and

9 WHEREAS the Year 2000 brings with it technology challenges
10 which must be addressed to ensure continuity of the City's business operations
11 and citizens services; and

12 WHEREAS the Committee on Information Technology has determined that there
13 is a need for departmental assistance and a consistent Citywide approach to Year 2000
14 remediation efforts; and

15 WHEREAS remediation must include both information systems and equipment
16 which contains computer processors ("embedded chips") required for proper operation;
17 and

18 WHEREAS the City requires specialized expertise dedicated to the Year 2000
19 coordination effort; and

20 WHEREAS these dedicated resources will help departments (1) assess Year
21 2000 problems; (2) perform risk analysis; (3) plan remediation efforts; and (4) develop
22 contingency plans; now , therefore be it

23 RESOLVED that the Telecommunications Commission endorses the Committee
24 on Information Technology's proposal to create a Citywide Year 2000 Project
25 Management Office; and now therefore be it further

DEPARTMENT OF TELECOMMUNICATIONS & INFORMATION SERVICES

City & County of San Francisco

RESOLUTION NO. 98-010

RESOLVED that the Telecommunications Commission urges the Board of Supervisors to fund the creation of a Citywide Year 2000 Project Management Office.

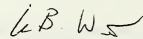
Approved by the Telecommunications Commission:

Ayes: Four

I hereby certify the forgoing resolution was approved by the San Francisco Telecommunications Commission.

12/21/98

Approved



Commission Secretary

ATTACHMENT

C

FILE NO. 98-1570RESOLUTION NO. 994-98

1 [Opposing Split of 415 Area Code Within San Francisco]

2 OPPOSING ANY TELEPHONE NUMBER AREA CODE RELIEF PLAN WHICH SPLITS THE
3 415 AREA CODE WITHIN SAN FRANCISCO.

4
5 WHEREAS, The advent of new technologies and increased consumer demand have
6 strained existing telephone number resources; and,

7 WHEREAS, New technology, increased consumer demand, and the distribution of
8 large blocks of telephone numbers to new telephone companies in San Francisco and the
9 entire 415 telephone area code region have created a telephone number shortage; and,

10 WHEREAS, The North American Number Plan Administrator (NANPA) assigns
11 telephone numbers to an area code and forecasts when an area code will most likely exhaust
12 and when a new area code will be necessary; and,

13 WHEREAS, The NANPA is required by California law to inform the telephone industry
14 of area code exhaust 24 months prior to the actual implementation of a new area code; and,

15 WHEREAS, NANPA has informed the telecom industry that a new area code will be
16 required within three years; and,

17 WHEREAS, NANPA is considering whether to split the 415 area code along a
18 geographic boundary or to overlay a new area code over the entire region now using the 415
19 area code; and,

20 WHEREAS, A geographic split would require many San Franciscans to change their
21 current area code and an overlay would require all San Franciscans to dial eleven digits for all
22 local telephone calls; and,

23 WHEREAS, The California Public Utilities Commission, in concert with Federal
24 Communication Commission regulations, will make final determination on the issue of
25 telephone area code relief; and,

SUPERVISORS
LENO, YAKI, YEE, BIERMAN, AMMIANO, KATZ, BROWN, NEWSOM, TENG
BOARD OF SUPERVISORS

1 WHEREAS, NANPA's contractor Lockheed Martin has stated publicly that a large
2 majority of telephone numbers that have been distributed to telephone companies are not
3 currently in use; and,

4 WHEREAS, The California Public Utilities Commission has jurisdiction to change the
5 regulations which allow this large majority of distributed telephone numbers to remain
6 unused; and,

7 WHEREAS, Small businesses in San Francisco sustain a robust economy for our city
8 and maintain San Francisco's unique sense of charm and character; and,

9 WHEREAS, Small Businesses in San Francisco hold their identity, in part, with their
10 business telephone numbers and may incur drastic loss of business as a result of being
11 assigned a new area code; and,

12 WHEREAS, Small businesses in San Francisco incur significant costs by changing a
13 telephone number as is required by an area code split; and,

14 WHEREAS, All San Francisco telephone service customers would be severely
15 inconvenienced by having any change in the 415 area code; now, therefore, be it

16 RESOLVED, That the San Francisco Board of Supervisors strongly opposes any
17 telephone area code relief plan that splits the 415 area code within the City and County of
18 San Francisco; and, be it

19 FURTHER RESOLVED, That if the California Public Utilities Commission chooses a
20 geographic split of the 415 area code, it should provide only Marin County with a new area
21 code and not divide San Francisco's 415 area code in any manner; and, be it

22 FURTHER RESOLVED, That the San Francisco Board of Supervisors urges the
23 California Public utilities Commission to change all regulatory policies which generate
24 unnecessary area code splits within California in order to preempt the need for a new area
25 code; and, be it

1 FURTHER RESOLVED, That if, as a last resort, area code relief for the 415 area code
2 within San Francisco is necessary, then the City and County of San Francisco prefers an
3 overlay method of telephone number relief over a geographic split of the 415 area code within
4 San Francisco.
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City and County of San Francisco

Veterans Building
401 Van Ness Avenue, Room 308
San Francisco, CA 94102-4532

Tails Resolution

File Number: 981570

Date Passed:

Resolution opposing any telephone number area code relief plan which splits the 415 area code within San Francisco.

September 28, 1998 Board of Supervisors — CONTINUED

Ayes: 10 - Ammiano, Brown, Katz, Kaufman, Leno, Medina, Newsom, Teng, Yaki, Yee

Absent: 1 - Bierman

October 5, 1998 Board of Supervisors — SEVERED FROM FOR ADOPTION WITHOUT COMMITTEE REFERENCE AGENDA

October 5, 1998 Board of Supervisors — REFERRED: Economic Development, Transportation, and Technology Committee


December 7, 1998 Board of Supervisors — ADOPTED

Ayes: 9 - Ammiano, Bierman, Brown, Katz, Kaufman, Leno, Teng, Yaki, Yee

Absent: 2 - Medina, Newsom

File No. 981570

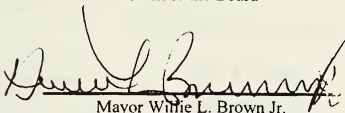
I hereby certify that the foregoing Resolution
was ADOPTED on December 7, 1998 by the
Board of Supervisors of the City and County
of San Francisco.



Gloria L. Young
Clerk of the Board

DEC 11 1998

Date Approved



Mayor Willie L. Brown Jr.

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**TELECOMMUNICATIONS COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

MINUTES

**MONDAY, JANUARY 25, 1999
CITY HALL**

ROOM 400

DOCUMENTS DEPT.

**REGULAR MEETING
5:30 P.M.**

**MAR 08 1999
SAN FRANCISCO
PUBLIC LIBRARY**

COMMISSIONERS

**E. David Ellington, President
Ernest Jackson, Vice President
Bonnie Engel
John Lira
Jan Masaoka**

**Julia M. C. Friedlander
ACTING DIRECTOR, DEPARTMENT OF TELECOMMUNICATIONS
AND INFORMATION SERVICES**

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ORDER OF BUSINESS

1. Call to Order and Roll Call

The meeting was called to order by President E. David Ellington at 5:30 P.M.

Present: E. David Ellington, President
Bonnie Engel, Commissioner
Jan Masaoka, Commissioner

Excused Absence:
Ernest Jackson, Vice President
John Lira, Commissioner

2. Approval of the Minutes of December 21, 1998

Commissioner Masaoka abstained from approving the minutes because she did not attend the previous meeting. Therefore, due to lack of a quorum, the Commission unanimously agreed to postpone approval of the minutes until next month's meeting.

3. Communications

- Public Testimony

None.

4. Director's Report

Acting Director Julia Friedlander relayed some of the department's accomplishments on key priority projects since the last Commission meeting.

A. City Hall

- Since mid-December 1998, the staff from the Network Engineering Division has played a critical role in moving more than 1,100 City employees from their temporary locations into their new offices at City Hall. The Director has received many compliments on how responsive the staff has been to client requests.
- From their new control rooms in City Hall, the CityWatch staff cablecast live the official opening of the newly renovated building, as well as resuming live cablecasting of Board of Supervisors meetings and Board committee meetings. The Telecommunications Commission meeting was the first meeting to be cablecast from one of the four public hearing rooms in the building.

CHAPTER 1

1.1. Introduction

The purpose of this chapter is to introduce the basic concepts and terminology of the subject.

1.2. Basic Concepts

In this section, we define the basic concepts and terminology used throughout the book.

1.3. Notation

We use the following notation throughout the book:

Let X and Y be sets. Then $X \cup Y$ denotes the union of X and Y .

Let $f: X \rightarrow Y$ be a function. Then $f(x)$ denotes the image of x under f .

Let A and B be sets. Then $A \times B$ denotes the Cartesian product of A and B .

Let S be a set. Then $\mathcal{P}(S)$ denotes the power set of S .

Let n be a natural number. Then \mathbb{N}_n denotes the set of natural numbers from 1 to n .

Let x and y be real numbers. Then $x < y$ denotes the inequality x is less than y .

Let $f: X \rightarrow Y$ be a function. Then $f^{-1}(y)$ denotes the preimage of y under f .

Let S be a set. Then $|S|$ denotes the cardinality of S .

Let $f: X \rightarrow Y$ be a function. Then f is called a bijection if it is both injective and surjective.

Let $f: X \rightarrow Y$ be a function. Then f is called a homomorphism if it satisfies the following property:

Let $f: X \rightarrow Y$ be a function. Then f is called an isomorphism if it is a bijective homomorphism.

B. 911

- The Network Engineering and Network Facilities Division staffs have supported the Emergency Communications Department to aid in opening its new Combined Emergency Communications Center at 1011 Turk Street. DTIS is responsible for installing substantial telecommunications equipment in the building and will be moving staff in shortly.
- The Network Facilities Division staff completed installing wiring for new Local Area Networks in 36 fire stations and the Fire Department Headquarters, as well as installing high speed data lines connecting each of the Fire Stations to the CECC.
- The Network Facilities Division staff started installing mobile computer terminals in police vehicles. These terminals will connect to the new 911 dispatch system and records management systems, and are expected to become operational at the end of the year.

C. Y2K

- The Applications Division conducted Y2K testing for the City's Budget Preparation System, which is used by all City departments to construct the City budget. DTIS has now identified and corrected all Y2K issues and this system is fully Y2K compliant.
- On Monday, January 25, 1999, the Board of Supervisors gave final approval to a supplemental appropriation providing almost \$1 million for the creation of a citywide Y2K Program Management Office (PMO), which will ensure that City services are not disrupted by the Y2K problem. Staff positions are being filled as quickly as possible.

D. Budget

- DTIS has completed revamping the rates it charges other City departments for services rendered. On recommendation from consultant KPMG, DTIS will operate as a true internal service fund and recover all department costs (except for the Policy, Planning and Compliance Division) from the other City departments served by DTIS. The Mayor's Budget Office and the Controller's office have approved this recommendation, and it will be implemented in this year's budget process.
- DTIS has secured \$499,000 in funding from the Board of Supervisors for a variety of enhancements to the City's wide area network (WAN). This includes improvements to the security protecting the City's WAN from intruders and a new server for the City's web site. DTIS has also received funding to perform a complete analysis of the City's current and projected use of and need for telecommunications services, which will become part of the Telecommunications Plan.

The first of these is the fact that the
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 necessary funds to meet its obligations.

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 necessary funds to meet its obligations.

- **Comment**

Commissioner Masaoka asked how much money had been allocated for the needs analysis. Ms. Friedlander responded that the amount was approximately \$150,000.

- **Public Comment**

None.

5. OLD BUSINESS

A. Telecommunications Plan

1. Monthly Progress Report

Deputy Director Denise Brady gave the monthly progress report.

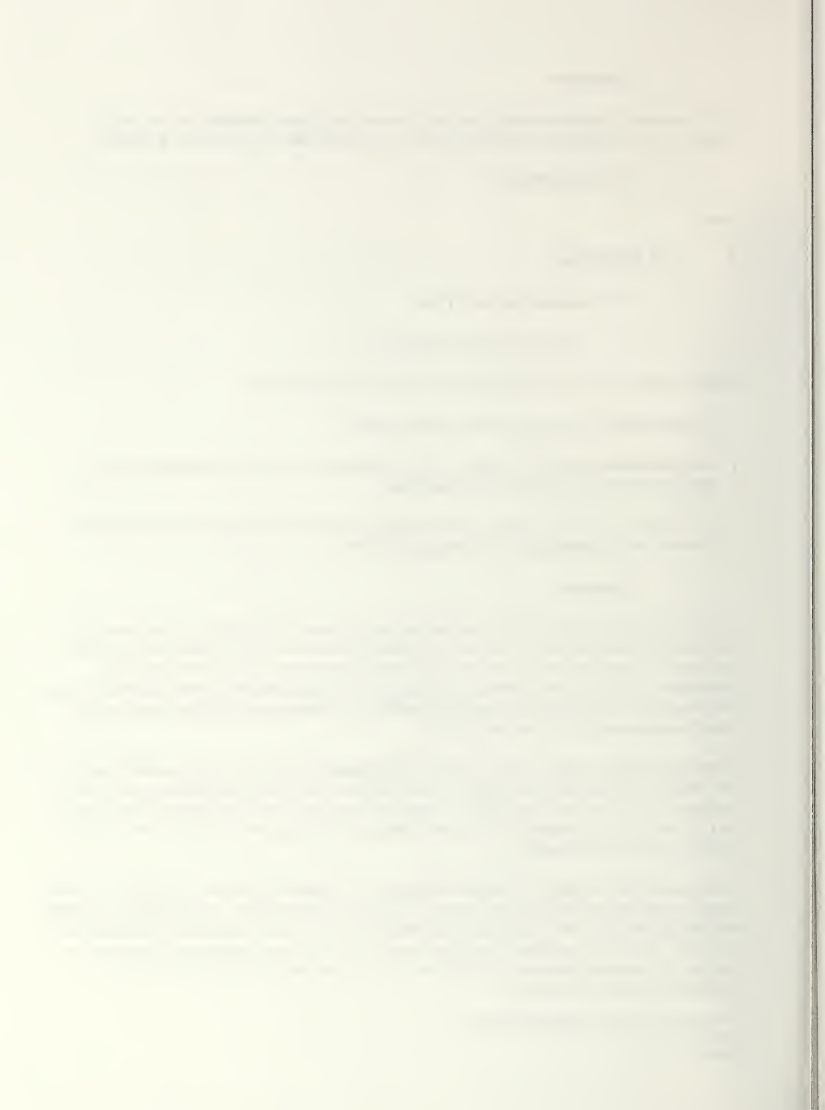
- Approximately 5,000 surveys have been mailed.
- Preparation of the phone survey is 90% complete. 400 to 500 ten-minute phone interviews are scheduled to be conducted.
- Ms. Brady is currently working with the Mayor's Offices of Neighborhood Services to develop an outreach plan for community forums.

- **Comment**

President Ellington commented that he was very pleased that DTIS was progressing on answering the questions for the telecommunications plan and asked who participated in drafting the questions for the survey. Ms. Brady stated that DTIS worked with the Controller's office for the written questions and the Public Research Institute (PRI) for the phone questions, as well as researching other cities' telecommunications surveys. All survey analysis will be performed by PRI.

President Ellington asked if there was any additional public input on the questionnaires. Ms. Brady informed the Commission that all written documents that were received were reviewed, including one from SPUR, in order to have as much information for this process as possible. At the request of President Ellington, Ms. Brady will provide a time-line for delivery of the survey results.

At the additional request of President Ellington, Commission Secretary Kim Weisman will work in conjunction with Deputy Director Rod Loucks' web team on developing a template so that the results of the survey can be posted on the Telecommunications Commission web site. Ms. Brady suggested working with Mr. Loucks' team to develop a process for people to comment online when DTIS reaches the community forum section of the telecommunications questions.



Commissioner Masaoka asked about the multi-lingual options for the surveys. Ms. Brady informed the Commission that multi-lingual copies are mailed by the Controller's office upon request. The phone survey is multi-lingual and that option does not need to be pre-requested by the participant. At the request of Commissioner Masaoka, Ms. Brady will provide the Commission with the protocol for the phone and mail surveys.

- **Public Testimony**

None.

2. **Discussion of Media Connections Group's (MCG) report, "A Survey of Telecommunications Companies Doing Business in San Francisco"**

Ms. Brady welcomed any continued Commission comment or public testimony on MCG's report from the December 1998 meeting.

- **Comment**

Commissioner Engel asked if the Commission would be receiving recommendations based on this report. Ms. Brady informed the Commission that after the completion of the supply/demand questions #2, #3, #4, and #5, DTIS will perform the following: a comparison of the current level of needs, verses the anticipated level of needs, verses the current level of supply, verses projected level of supply. Consultants will assist in the analysis and DTIS will present a report to the Commission. President Ellington asked if this would include opportunities for the City and Ms. Brady stated that yes, it would, and that this preparation was necessary in order to answer question #6. Commissioner Masaoka encouraged DTIS to work with the SPUR task force.

- **Public Testimony**

Niels Erich of the SPUR Telecommunications Task Force thanked Ms. Brady for her comments and was glad to hear that SPUR's suggestions were useful in the needs assessments and the surveys. Mr. Erich commended the Commission, DTIS staff and MCG for the extensive, informative and useful report. He suggested preparation of an appendix that has a map that conveys the distribution of competitive options available in different parts of the City.

B. Report on the interim improvements on the public access channel.

Ms. Brady reported on the interim improvements.

- \$70,000 worth of new equipment for public access has been received at TCI. A program is currently underway to train users on this new equipment.

- DTIS has located space in the Civic Center at 25 Van Ness in a City owned building. As soon as DTIS determines that the basic needs will be met in the lease agreement, SFCTC (San Francisco Community Television Corporation) will be invited to view the space (which is currently occupied) with DTIS. Ms. Brady stated that while DTIS felt this was an adequate space, the department was anxious to hear SFCTC's comments. The space will not include a studio, and may not include playback.

- **Comment**

Ms. Brady answered Commission Masaoka's question that this is ground floor space, currently occupied by the Public Guardian. Commissioner Engel thanked Ms. Brady for her report and stated that it was encouraging that SFCTC would have a home in the near future. At the request of Commissioner Engel, Ms. Brady will report at next month's meeting on the MCAT (Mayor's Center for Advanced Technology) and the PEG (Public, Education, Government) access channels van.

President Ellington thanked Zane Blaney, CEO for SFCTC, for his letter ¹ and apologized for any inaccuracies in President Ellington's comments at the December 21, 1999 meeting regarding which organization oversees the SFCTC. Mr. Blaney thanked the President for his gracious comments.

Commissioner Masaoka asked Mr. Blaney if he felt that keeping the administrative offices separate from the studio and playback was the best option. Mr. Blaney stated that no, he did not believe that it was, but that SFCTC was going to be as flexible as possible and explore their options over the next thirty days.

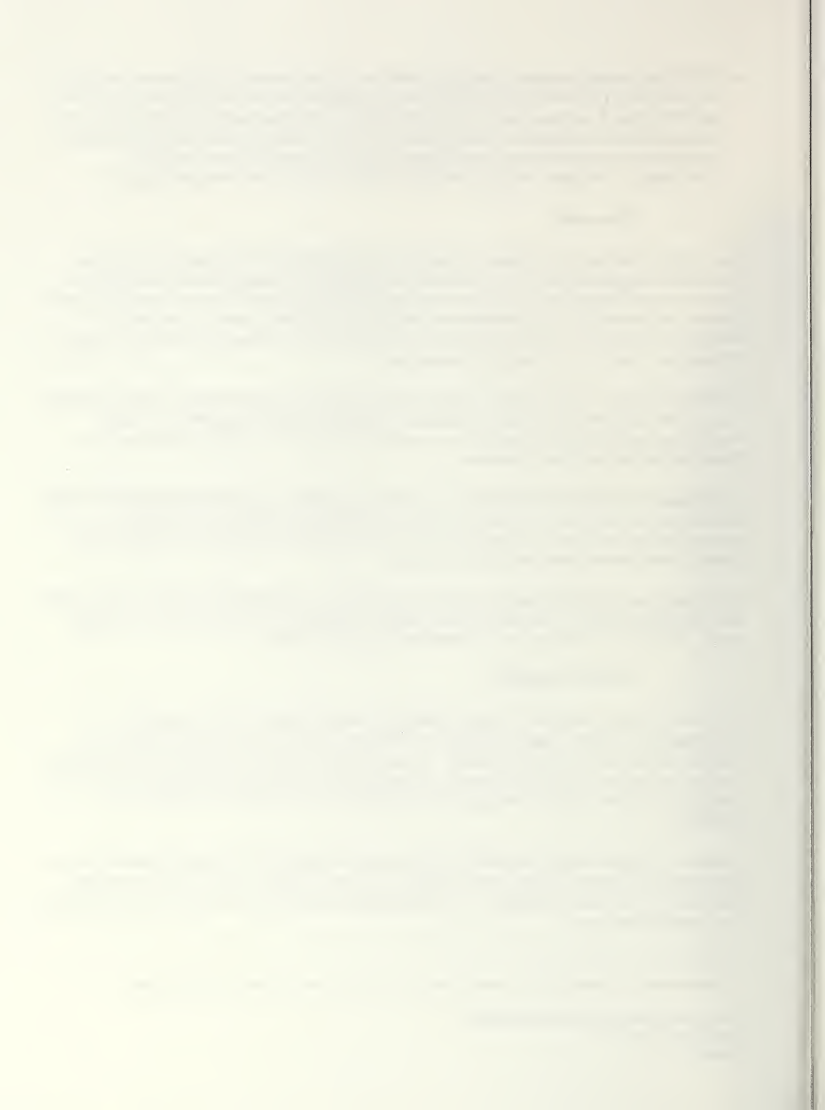
Commissioner Engel thanked Mr. Blaney for SFCTC's contributions in the re-design of the City Hall government broadcast facilities and for getting the meetings up on broadcast again. Mr. Blaney thanked the Commissioner for her remarks.

- **Public Testimony**

Benjamin Rivera, producer of a show entitled, "Breaking Bread" on Channel 53, expressed that while he was excited about the new equipment, he felt that there was nothing wrong with the old equipment. He was concerned about the cost for producers to upgrade to the new digital system, with a cost difference of currently \$14 per tape to \$45 per tape for digital. He also expressed his concern about the high cost of the new switcher.

President Ellington suggested that Mr. Rivera speak with SFCTC regarding his concerns, but asked Mr. Blaney if there was a subsidy in the new budget to help producers cover the costs of the new digital tapes. Mr. Blaney stated that they have discussed subsidizing the costs of the tapes.

¹ This document is referenced in the "Communications Received" section of the January 25, 1999 Agenda



Commissioner Engel asked Mr. Blaney if the producers were able to discuss the upgrades with TCI. Mr. Blaney informed the Commission that the upgrades were selected based on SFCTC's original proposal to the City for equipping a public access facility. He listed what new equipment was provided. He stated the SFCTC gave several public meetings, specifically for producers, to allow them the opportunity to be briefed, and to review and comment on the equipment list prior to its purchase.

Mike Freeman stated that he was involved in the decisions about the new equipment. He discussed how the upgrade process was conducted, TCI's responsibilities in maintaining certain equipment and the various kinds of digital tapes available.

Brian Lazarus, producer, Channel 53, discussed the problem of shooting on digital tape but editing in an analog format, which is what is currently available at the studio. He stated that part of the controller has a cardboard box over it, so there are controls that the producers are not able to use. Mr. Lazarus inquired about the production van for public access and how much it will cost.

C. Demonstration of the City's "Cityspan" Website

Rod Loucks, Deputy Director for Application Development, DTIS, presented Ron Hass, manager of CitySpan. Mr. Hass introduced his web site team: Cynthia Clark, Susan Kelly, Jennifer Schuler, and Ron Cain. Each staff member presented various City department web sites that have either been developed and/or are maintained by DTIS staff.

President Ellington presented Mr. Hass and his staff with the *Government Technology* magazine's Certificate of Recognition award. DTIS placed fifth among 125 local government sites in the 1998 Third Annual Best of the Web Awards.

- Comment

Commissioner Masaoka asked about putting the CityWatch schedule on the web site. The staff stated that the schedule is on the web site and demonstrated where on the web site the CityWatch schedule could be found.

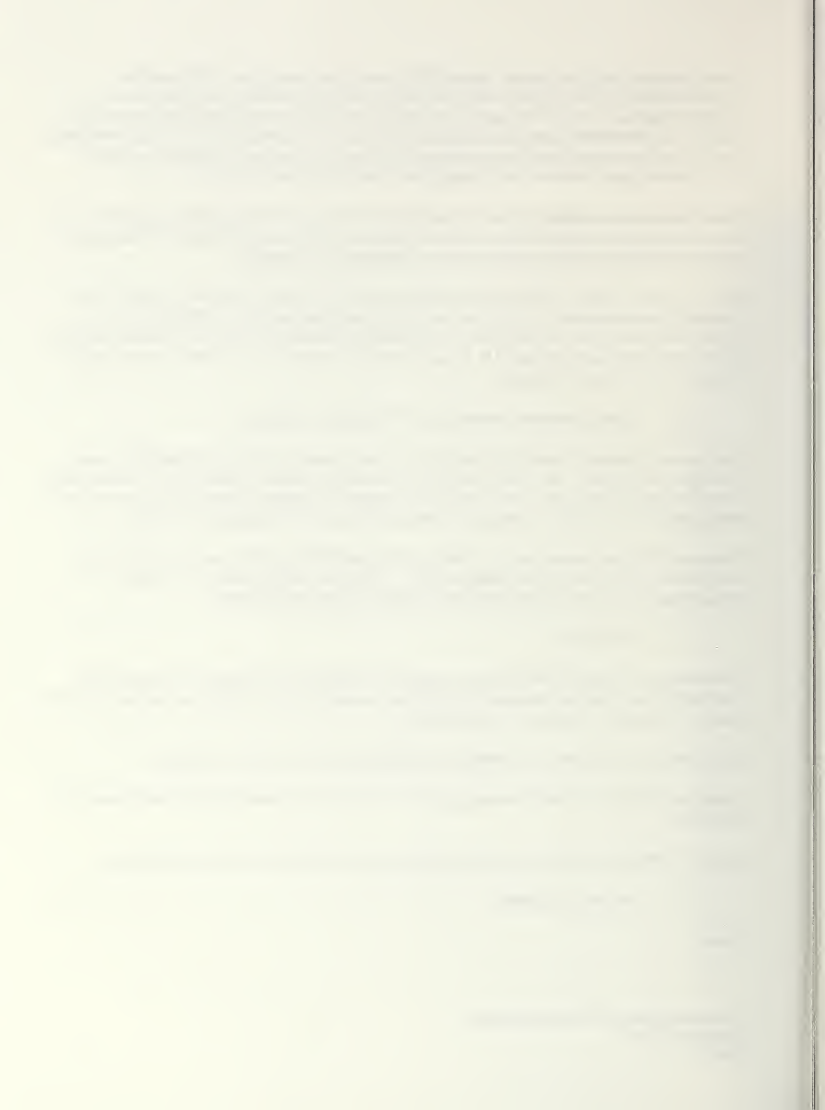
Commissioner Masaoka commended Ms. Schuler on the City Hall web site.

President Ellington offered his congratulations on the comprehensive and well-integrated web sites.

Julia Friedlander extended her personal thanks to the team for doing a terrific job.

- Public Testimony

None.



7. Calendar Matters

- Continuing Monthly Reports
- Comment

None.

- Public Testimony

None.

8. Public Comment

None.

9. Adjournment

President E. David Ellington adjourned the meeting at approximately 7:09 P.M.

Respectfully submitted,



Kim B. Weisman
Commission Secretary

NOTICE
REGULAR MEETING OF THE
TELECOMMUNICATIONS COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Monday, February 22, 1999, 5:30 PM
City Hall
1 Dr. Carlton B. Goodlett Place, Room 400

AGENDA

1. **CALL TO ORDER AND ROLL CALL**

E. David Ellington, President
Ernest Jackson, Vice President
Commissioner Bonnie Engel
Commissioner John Lira
Commissioner Jan Masaoka

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2. **APPROVAL OF THE MINUTES**

Adoption of the Minutes of December 21, 1998 and January 25, 1999
meetings of the Telecommunications Commission.

- Public Testimony

3. **COMMUNICATIONS**

See Attached *8*

- Public Testimony

4. **DIRECTOR'S REPORT**

- City Hall
- 911
- Y2K
- Budget

- Public Testimony

5. **OLD BUSINESS**

A. Telecommunications Plan

- Monthly Progress Report
- Public Testimony

B. MCAT (Mayor's Center for Advanced Technology) and PEG (Public, Education, Government) Television Update

- Public Testimony

C. CLOSED SESSION

Conference with City Attorney - Litigation

[Convene in Closed Session]

Motion that the Telecommunications Commission convene in closed session with the City Attorney for the purpose of conferring with, or receiving advice from the City Attorney as permitted by Government Code Section 54956.9 regarding the following litigation:

[Potential Litigation]

Potential litigation as plaintiff regarding the merger of TCI and AT&T, as permitted by Government Code Section 54956.9(c).

Question: Shall this Motion be Adopted?

After a closed session, if one occurs, the President shall (1) request the Deputy City Attorney to identify the subjects discussed in the closed session, and (2) direct the Secretary of the Commission to report the vote taken on any motion in the closed session.

After a closed session, if one occurs, the Commission shall adopt a motion either to disclose or not to disclose.

[Elect Not to Disclose]

Motion that the Commission finds that it is in the best interest of the public that the Commission elect at this time not to disclose its closed session deliberations concerning the above matter.

[Elect To Disclose]

Motion that the Commission finds it is in the public interest to disclose information discussed in closed sessions, and directs the President immediately to disclose that information.

- Public Testimony

7. CALENDAR MATTERS

- Public Testimony

8. PUBLIC COMMENT

9. ADJOURNMENT

COMMUNICATIONS RECEIVED January 16, 1999 – February 16, 1999

1. Information from the Ethics Commission of the City and County of San Francisco;
2. A March, April, May 1999 Bay Area Video Coalition (BAVC) workshop calendar; and
3. TCI record of special referred customer complaints, October 1, 1998 to December 31, 1999, sent by Douglas Schultz, Area Director, TCI. The complaints were forwarded to TCI by Consumer Protection and Governmental Agencies of the City and County of San Francisco.
4. Press release from TCI announcing the free showing of the movie "Amistad" for all TCI cable customers as a salute to Black History Month.

SUNSHINE ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the peoples' review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-6083.

DISABILITY ACCESS

The San Francisco City Hall is wheelchair accessible. Accessible seating for persons with disabilities, including those using wheelchairs, is available.

The closest accessible BART station is the Civic Center station, located at the intersection of Grove, Hyde, and Market Streets.

Accessible MUNI bus lines serving City Hall are the 19 Polk, 42 Downtown Loop, 9 San Bruno, and the 7 Haight/Noriega. Accessible MUNI lines are the J, K, L, and M. Disabled parking is available at designated points along Van Ness, McAllister, Grove, and Polk streets.

Individuals with severe allergies, environmental illness, Multiple Chemical Sensitivities, or other disabilities should contact (415) 554-6060 or TDD/TTY at (415) 554-6252, for inquiries. In order to assist the City in accommodating persons with such disabilities, attendees at all public meetings are reminded that other persons may be sensitive to chemically based products. Please help the City to accommodate these individuals.

American Sign Language interpreters, sound enhancement devices, information in alternative format and/or Stenocaptioning will be available upon request.

Please make your request for reasonable accommodations at least 72 hours in advance of any public meeting or hearing.

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22/99
**TELECOMMUNICATIONS COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

MINUTES

**MONDAY, FEBRUARY 22, 1999
CITY HALL**

ROOM 400

**REGULAR MEETING
5:30 P.M.**

COMMISSIONERS

**E. David Ellington, President
Ernest Jackson, Vice President
Bonnie Engel
John Lira
Jan Masaoka**

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**Julia M. C. Friedlander
ACTING DIRECTOR, DEPARTMENT OF TELECOMMUNICATIONS
AND INFORMATION SERVICES**

THE UNIVERSITY OF CHICAGO
DEPARTMENT OF CHEMISTRY

1950

1. *Chemical Analysis*

2. *Physical Chemistry*

3. *Organic Chemistry*

4. *Inorganic Chemistry*

5. *Biological Chemistry*

6. *Environmental Chemistry*

7. *Chemical Engineering*

8. *Chemical Physics*

9. *Chemical Microbiology*

10. *Chemical Metallurgy*

THE UNIVERSITY OF CHICAGO
DEPARTMENT OF CHEMISTRY

ORDER OF BUSINESS

1. Call to Order and Roll Call

The meeting was called to order by President E. David Ellington at 5:30 P.M.

President Ellington called roll call for the Commission.

Present: E. David Ellington, President
Ernest Jackson, Vice President
Bonnie Engel, Commissioner
John Lira, Commissioner
Jan Masaoka, Commissioner

2. Approval of the Minutes of December 21, 1998 and January 25, 1999

Commissioner Lira made a motion, seconded by Commissioner Engel, to adopt the minutes of December 21, 1998. The Commission moved to adopt the minutes with four ayes [Ellington, Jackson, Engel and Lira], none opposed. Commissioner Masaoka abstained from voting because she was not present at the December 21, 1998 meeting.

Commissioner Masaoka made a motion, seconded by Commissioner Lira, to adopt the minutes of January 25, 1999. The Commission moved to adopt the motion with five ayes [Ellington, Jackson, Engel, Lira and Masaoka], none opposed.

- Comment: None.
- Public Testimony: None.

3. Communications

- Comment: None.
- Public Testimony: None.

4. Director's Report

Acting Director Julia Friedlander relayed some of the department's accomplishments on key priority projects since the last Commission meeting.

A. City Hall

- The Network Engineering Division continues to work with the City Hall Project staff to support the reoccupation of City Hall. The City Hall data network is a state of the art switched fiber optic network that provides users with 10 megabits of bandwidth. The



network was designed and engineered by Seimens and 3Com. These vendors are working closely with DTIS staff to iron out a series of problems prior to turning over the system to the City.

B. 911

- Staff from the Network Engineering and Network Facilities Division completed installing the telephone switch that serves the new Combined Emergency Dispatch Center (CEDC) and all of the fire stations. The CEDC now houses the 911 Project Staff. These divisions also supported Pacific Bell's installation of a fiber optic OC12 SONET network linking the CEDC to the Data Center, the Hall of Justice and the Fire Headquarters and is consulting on the design of the Public Safety Answering Point (PSAP) for CEDC.

C. Y2K

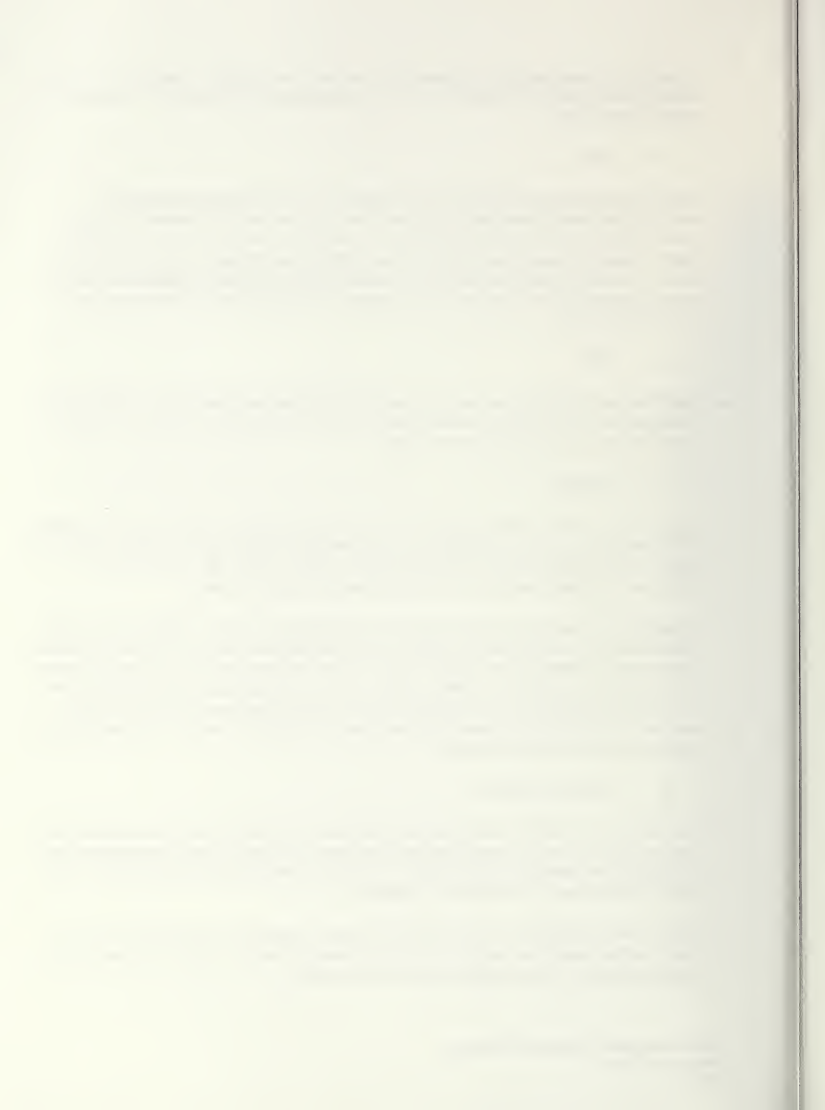
- Staff from the Applications Development Division launched the Citywide Y2K program management office (PMO), funded by the Board of Supervisors in January 1999. All members will be on board by March 1999.

D. Budget

- On February 1, 1999, Kathryn Hile, the new Deputy Director for Administration, joined DTIS. Ms. Hile comes to DTIS from the Department of Parking and Traffic, where she had 9 years experience preparing the Department's budget. Ms. Hile also had significant budget experience at the Department of Adult Probation.
- Based on the new rate structure that was completed in January, 1999, staff from the Administration Division prepared work orders (contracts for service executed between the requesting departments and DTIS) for all City departments, projecting their use of DTIS services for fiscal year 1999 – 2000. This is a critical stage in the development of the DTIS budget for the next fiscal year and involved extensive negotiation and analysis by staff from the Administration, Network Facilities, Network Engineering and Application Development Division.

E. Additional Items

- On February 1, 1999, the staff from the Applications Development Division launched a new application for the Human Rights Commission that tracks each department's use of minority and women owned vendors. This is the first City-wide application on the City's Intranet that is an interactive application.
- Staff from the Applications Development Division installed a new file server and 36 new desktop computers in the Technology Learning Center, where DTIS teaches City employees how to use a variety of software products.



- Staff from the Network Facilities Division put out an RFP to bid for paging services and completed contract negotiations with an MBE joint venture, Telecon/Powercall, to provide the City with Nextel wireless equipment and services.

- Comment

Commissioner Masaoka asked for clarification on DTIS' responsibilities as they relate to the 911 Project. Ms. Friedlander provided clarification.

President Ellington asked how the Y2K PMO related to COIT (Committee on Information Technology.) Ms. Friedlander informed the Commission that the PMO is overseen by a subcommittee of COIT. The subcommittee, which consists of Ed Harrington, the City's Controller, Matthew Hymel, the Mayor's Budget Director and Ms. Friedlander, makes policy decisions regarding the PMO's work.

Commissioner Masaoka asked if all City employees had access to the City's Intranet as long as they had a password. Ms. Friedlander told the Commission that she would follow-up on whether there was a security code needed.

Commissioner Lira asked how many City employees use the services of the Training Center. Ms. Friedlander told the Commission that she would find out and provide them with that information.

In response to various questions from the Commission, Ms. Friedlander clarified the responsibilities and goals of the Y2K PMO.

Ms. Hile introduced herself to the Commission, who in turn welcomed her to the department.

- Public Testimony: None.

5. OLD BUSINESS

A. Telecommunications Plan

1. Monthly Progress Report

Deputy Director Denise Brady gave the monthly progress report.

- The phone survey is in progress and the target delivery date has slipped.
- The mail survey is in progress and on target, with the responses due back this week.
- DTIS is scheduled for a second meeting this week on the internal needs assessment and the hiring of a consultant to address Question #4 in the Telecom Plan.

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- In March, DTIS will be making further progress in answering the questions on the business side of the Telecom Plan.

- Comment

President Ellington asked for clarification on the timeline for the surveys. Ms. Brady will report on the phone survey timeline at next month's meeting

- Public Testimony: None.

B. MCAT (Mayor's Center for Advanced Technology) and PEG (Public, Education, Government) Television Update

Ms. Friedlander reported that DTIS is currently working with the Mayor's Office and the new City Architect, Tony Irons, to develop the MCAT. DTIS is discussing bringing on fundraisers for the project and hiring staff to develop programming, in keeping with the goal of MCAT as a public and private collaborative effort.

Ms. Brady reported that DTIS was in the process of finalizing an interim PEG facility. So as not to duplicate equipment, DTIS was postponing the purchase of the PEG van until the equipment needs had been assessed for the interim facility.

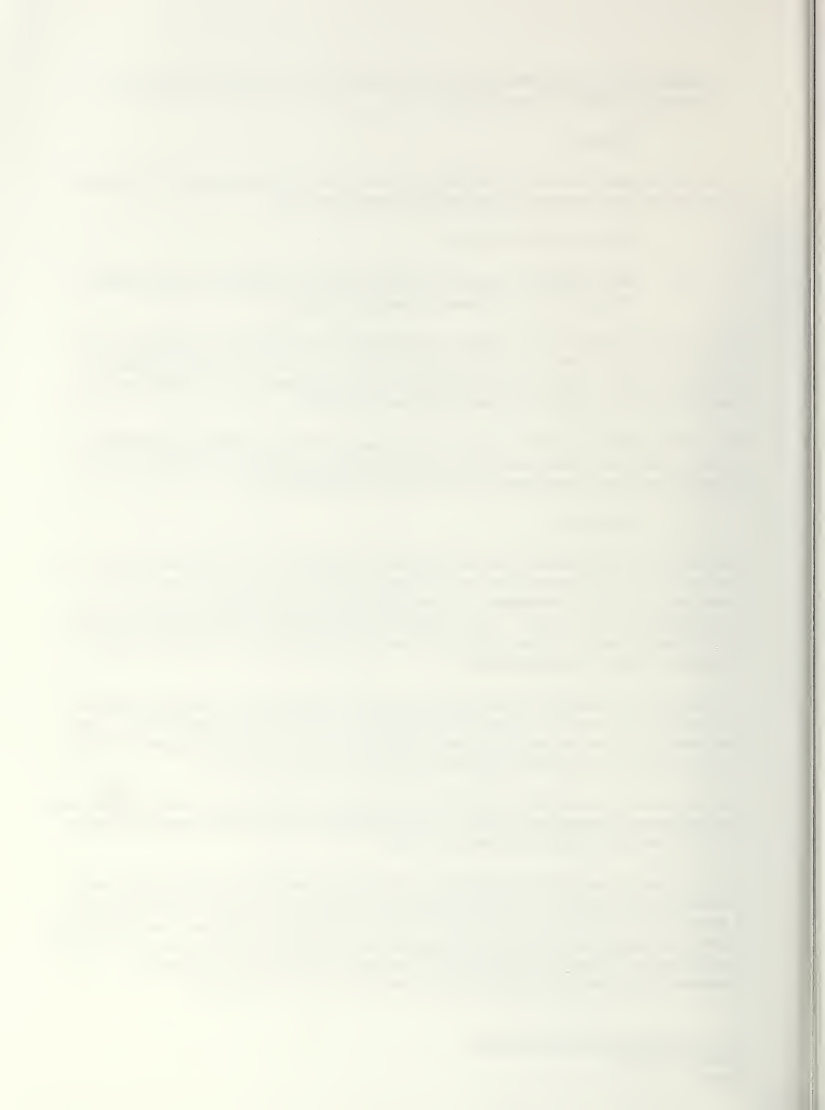
- Comment

Commissioner Engel asked about the timeline for the MCAT. Ms. Friedlander responded that as DTIS moves further along in the budget process, she could then provide the Commission with that information. Commissioner Masaoka requested a concept paper and fundraising plan on MCAT. Ms. Friedlander responded that DTIS could provide the MCAT concept paper, but that DTIS is still working with the Mayor's office on hiring a fundraiser to write a fundraising plan.

A discussion between the Commissioners and Ms. Brady and Ms. Friedlander followed Ms. Brady's PEG report, in regards to the purchase of the mobile production van. The discussion centered on budget and policy issues related to the \$200,000 grant provided by TCI as part of the franchise agreement for the purchase of this van.

The Commission asked that at the March meeting Ms. Brady present various options for a van, with an interim update in March. The Commission also requested a discussion on any policy issues related to the use of the van.

The Commission requested a presentation on the language in the contract agreement between the City and TCI, about who was given the \$200,000 in trust for the PEG van (i.e. the Government channel or to PEG). President Ellington suggested using alternative revenue sources, such as other City department's renting the use of the van, to offset the cost of the van, and asked for a report on that issue. Commissioner Masaoka commented that she hoped DTIS would consult with SFCTC on the van.



- Public Testimony

Sybil Boutilier stated that she believed it was time for the contractor who oversees public access to be allowed to do its job.

Michael Freeman asked that the development of the government studio and the purchase of the van be pursued now.

C. CLOSED SESSION - Conference with City Attorney – Litigation

- Public Testimony: None

Pursuant to the Sunshine Ordinance and the Political Reform Act, President Ellington recused himself from the closed session due to a conflict of interest. This conflict arises because AOL owns a 20% share in his firm, NetNoir, plus possible issues related to the open access issue. Vice President Jackson made a motion to accept President Ellington's recusal from the closed session, seconded by Commissioner Engel. The Commission moved to adopt the motion with four ayes [Jackson, Engel, Lira, and Masaoka], none opposed.

Commissioner Lira recused himself because he may have a conflict of interest. Vice President Jackson motioned to accept Commissioner Lira's recusal from the closed session, seconded by President Ellington. The Commission moved to adopt the motion with four ayes [Ellington, Jackson, Engel, and Masaoka], none opposed.

[Convene in Closed Session]

Vice President Jackson made a motion that the Telecommunications Commission convene in closed session with the City Attorney for the purpose of conferring with, or receiving advice from, the City Attorney as permitted by Government Code Section 54956.9 regarding the following litigation:

[Potential Litigation]

Potential litigation as plaintiff regarding the merger of TCI and AT&T, as permitted by Government Code Section 54956.9(c).

This was seconded by President Ellington. The Commission moved to adopt the motion with five ayes [Ellington, Jackson, Engel, Lira, and Masaoka], none opposed.

- Public Testimony: None

[The Commission reconvened in open session]

President Ellington requested the Deputy City Attorney to identify the subjects discussed in the closed session.



Deputy City Attorney Christine Ferrari reported that no action was taken.

Commission Secretary Kim Weisman reported that no votes were taken.

[Elect Not to Disclose]

Vice President Jackson made a motion that the Commission finds that it is in the best interest of the public that the Commission elect at this time not to disclose its closed session deliberations concerning the above matter, seconded by Commissioner Engel. The Commission moved to accept the motion with three ayes [Jackson, Engel and Masaoka], none opposed.

- Comment: None
- Public Testimony: None

7. Calendar Matters

- Comment

Commissioner Engel asked that TCI build in extra time when mailing the Commission materials, because they are first delivered to DTIS and then in turn to the individual Commissioners.

Commission Masaoka asked again that the TCI complaint reports not have the names and addresses listed when put into the public record.

- Public Testimony: None.

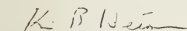
8. Public Comment

None.

9. Adjournment

President E. David Ellington adjourned the meeting at approximately 7:46 P.M.

Respectfully submitted,



Kim B. Weisman
Commission Secretary

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TELECOMMUNICATIONS COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

MINUTES

MONDAY, FEBRUARY 22, 1999
CITY HALL

ROOM 400

REGULAR MEETING
5:30 P.M.

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COMMISSIONERS

E. David Ellington, President
Ernest Jackson, Vice President
Bonnie Engel
John Lira
Jan Masaoka

Julia M. C. Friedlander
ACTING DIRECTOR, DEPARTMENT OF TELECOMMUNICATIONS
AND INFORMATION SERVICES

ORDER OF BUSINESS

1. Call to Order and Roll Call

The meeting was called to order by President E. David Ellington at 5:30 P.M.

President Ellington called roll call for the Commission.

Present: E. David Ellington, President
Ernest Jackson, Vice President
Bonnie Engel, Commissioner
John Lira, Commissioner
Jan Masaoka, Commissioner

2. Approval of the Minutes of December 21, 1998 and January 25, 1999

Commissioner Lira made a motion, seconded by Commissioner Engel, to adopt the minutes of December 21, 1998. The Commission moved to adopt the minutes with four ayes [Ellington, Jackson, Engel and Lira], none opposed. Commissioner Masaoka abstained from voting because she was not present at the December 21, 1998 meeting.

Commissioner Masaoka made a motion, seconded by Commissioner Lira, to adopt the minutes of January 25, 1999. The Commission moved to adopt the motion with five ayes [Ellington, Jackson, Engel, Lira and Masaoka], none opposed.

- Comment: None.
- Public Testimony: None.

3. Communications

- Comment: None.
- Public Testimony: None.

4. Director's Report

Acting Director Julia Friedlander relayed some of the department's accomplishments on key priority projects since the last Commission meeting.

A. City Hall

- The Network Engineering Division continues to work with the City Hall Project staff to support the reoccupation of City Hall. The City Hall data network is a state of the art switched fiber optic network that provides users with 10 megabits of bandwidth. The

network was designed and engineered by Seimens and 3Com. These vendors are working closely with DTIS staff to iron out a series of problems prior to turning over the system to the City.

B. 911

- Staff from the Network Engineering and Network Facilities Division completed installing the telephone switch that serves the new Combined Emergency Dispatch Center (CEDC) and all of the fire stations. The CEDC now houses the 911 Project Staff. These divisions also supported Pacific Bell's installation of a fiber optic OC12 SONET network linking the CEDC to the Data Center, the Hall of Justice and the Fire Headquarters and is consulting on the design of the Public Safety Answering Point (PSAP) for CEDC.

C. Y2K

- Staff from the Applications Development Division launched the Citywide Y2K program management office (PMO), funded by the Board of Supervisors in January 1999. All members will be on board by March 1999.

D. Budget

- On February 1, 1999, Kathryn Hile, the new Deputy Director for Administration, joined DTIS. Ms. Hile comes to DTIS from the Department of Parking and Traffic, where she had 9 years experience preparing the Department's budget. Ms. Hile also had significant budget experience at the Department of Adult Probation.
- Based on the new rate structure that was completed in January, 1999, staff from the Administration Division prepared work orders (contracts for service executed between the requesting departments and DTIS) for all City departments, projecting their use of DTIS services for fiscal year 1999 – 2000. This is a critical stage in the development of the DTIS budget for the next fiscal year and involved extensive negotiation and analysis by staff from the Administration, Network Facilities, Network Engineering and Application Development Division.

E. Additional Items

- On February 1, 1999, the staff from the Applications Development Division launched a new application for the Human Rights Commission that tracks each department's use of minority and women owned vendors. This is the first City-wide application on the City's Intranet that is an interactive application.
- Staff from the Applications Development Division installed a new file server and 36 new desktop computers in the Technology Learning Center, where DTIS teaches City employees how to use a variety of software products.

- Staff from the Network Facilities Division put out an RFP to bid for paging services and completed contract negotiations with an MBE joint venture, Telecon/Powercall, to provide the City with Nextel wireless equipment and services.

- Comment

Commissioner Masaoka asked for clarification on DTIS' responsibilities as they relate to the 911 Project. Ms. Friedlander provided clarification.

President Ellington asked how the Y2K PMO related to COIT (Committee on Information Technology.) Ms. Friedlander informed the Commission that the PMO is overseen by a subcommittee of COIT. The subcommittee, which consists of Ed Harrington, the City's Controller, Matthew Hymel, the Mayor's Budget Director and Ms. Friedlander, makes policy decisions regarding the PMO's work.

Commissioner Masaoka asked if all City employees had access to the City's Intranet as long as they had a password. Ms. Friedlander told the Commission that she would follow-up on whether there was a security code needed.

Commissioner Lira asked how many City employees use the services of the Training Center. Ms. Friedlander told the Commission that she would find out and provide them with that information.

In response to various questions from the Commission, Ms. Friedlander clarified the responsibilities and goals of the Y2K PMO.

Ms. Hile introduced herself to the Commission, who in turn welcomed her to the department.

- Public Testimony: None.

5. OLD BUSINESS

A. Telecommunications Plan

1. Monthly Progress Report

Deputy Director Denise Brady gave the monthly progress report.

- The phone survey is in progress and the target delivery date has slipped.
- The mail survey is in progress and on target, with the responses due back this week.
- DTIS is scheduled for a second meeting this week on the internal needs assessment and the hiring of a consultant to address Question #4 in the Telecom Plan.

- In March, DTIS will be making further progress in answering the questions on the business side of the Telecom Plan.

- Comment

President Ellington asked for clarification on the timeline for the surveys. Ms. Brady will report on the phone survey timeline at next month's meeting

- Public Testimony: None.

B. MCAT (Mayor's Center for Advanced Technology) and PEG (Public, Education, Government) Television Update

Ms. Friedlander reported that DTIS is currently working with the Mayor's Office and the new City Architect, Tony Irons, to develop the MCAT. DTIS is discussing bringing on fundraisers for the project and hiring staff to develop programming, in keeping with the goal of MCAT as a public and private collaborative effort.

Ms. Brady reported that DTIS was in the process of finalizing an interim PEG facility. So as not to duplicate equipment, DTIS was postponing the purchase of the PEG van until the equipment needs had been assessed for the interim facility.

- Comment

Commissioner Engel asked about the timeline for the MCAT. Ms. Friedlander responded that as DTIS moves further along in the budget process, she could then provide the Commission with that information. Commissioner Masaoka requested a concept paper and fundraising plan on MCAT. Ms. Friedlander responded that DTIS could provide the MCAT concept paper, but that DTIS is still working with the Mayor's office on hiring a fundraiser to write a fundraising plan.

A discussion between the Commissioners and Ms. Brady and Ms. Friedlander followed Ms. Brady's PEG report, in regards to the purchase of the mobile production van. The discussion centered on budget and policy issues related to the \$200,000 grant provided by TCI as part of the franchise agreement for the purchase of this van.

The Commission asked that at the March meeting Ms. Brady present various options for a van, with an interim update in March. The Commission also requested a discussion on any policy issues related to the use of the van.

The Commission requested a presentation on the language in the contract agreement between the City and TCI, about who was given the \$200,000 in trust for the PEG van (i.e. the Government channel or to PEG). President Ellington suggested using alternative revenue sources, such as other City department's renting the use of the van, to offset the cost of the van, and asked for a report on that issue. Commissioner Masaoka commented that she hoped DTIS would consult with SFCTC on the van.

- Public Testimony

Sybil Boutilier stated that she believed it was time for the contractor who oversees public access to be allowed to do its job.

Michael Freeman asked that the development of the government studio and the purchase of the van be pursued now.

C. **CLOSED SESSION** - Conference with City Attorney – Litigation

- Public Testimony: None

Pursuant to the Sunshine Ordinance and the Political Reform Act, President Ellington recused himself from the closed session due to a conflict of interest. This conflict arises because AOL owns a 20% share in his firm, NetNoir, plus possible issues related to the open access issue. Vice President Jackson made a motion to accept President Ellington's recusal from the closed session, seconded by Commissioner Engel. The Commission moved to adopt the motion with four ayes [Jackson, Engel, Lira, and Masaoka], none opposed.

Commissioner Lira recused himself because he may have a conflict of interest. Vice President Jackson motioned to accept Commissioner Lira's recusal from the closed session, seconded by President Ellington. The Commission moved to adopt the motion with four ayes [Ellington, Jackson, Engel, and Masaoka], none opposed.

[Convene in Closed Session]

Vice President Jackson made a motion that the Telecommunications Commission convene in closed session with the City Attorney for the purpose of conferring with, or receiving advice from, the City Attorney as permitted by Government Code Section 54956.9 regarding the following litigation:

[Potential Litigation]

Potential litigation as plaintiff regarding the merger of TCI and AT&T, as permitted by Government Code Section 54956.9(c).

This was seconded by President Ellington. The Commission moved to adopt the motion with five ayes [Ellington, Jackson, Engel, Lira, and Masaoka], none opposed.

- Public Testimony: None

[The Commission reconvened in open session]

President Ellington requested the Deputy City Attorney to identify the subjects discussed in the closed session.

Deputy City Attorney Christine Ferrari reported that no action was taken.

Commission Secretary Kim Weisman reported that no votes were taken.

[Elect Not to Disclose]

Vice President Jackson made a motion that the Commission finds that it is in the best interest of the public that the Commission elect at this time not to disclose its closed session deliberations concerning the above matter, seconded by Commissioner Engel. The Commission moved to accept the motion with three ayes [Jackson, Engel and Masaoka], none opposed.

- Comment: None
- Public Testimony: None

7. Calendar Matters

- Comment

Commissioner Engel asked that TCI build in extra time when mailing the Commission materials, because they are first delivered to DTIS and then in turn to the individual Commissioners.

Commission Masaoka asked again that the TCI complaint reports not have the names and addresses listed when put into the public record.

- Public Testimony: None.

8. Public Comment

None.

9. Adjournment

President E. David Ellington adjourned the meeting at approximately 7:46 P.M.

Respectfully submitted,



Kim B. Weisman
Commission Secretary

2/99

NOTICE

REGULAR MEETING OF THE TELECOMMUNICATIONS COMMISSION CITY AND COUNTY OF SAN FRANCISCO

Monday, March 22, 1999, 5:30 PM
City Hall
1 Dr. Carlton B. Goodlett Place, Room 400

AGENDA

1. CALL TO ORDER AND ROLL CALL

E. David Ellington, President
Ernest Jackson, Vice President
Commissioner Bonnie Engel
Commissioner John Lira
Commissioner Jan Masaoka

DOCUMENTS DEPT.

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2. APPROVAL OF THE MINUTES

Adoption of the Minutes of February 22, 1999 meeting of the
Telecommunications Commission.

- Comment
- Public Testimony

3. COMMUNICATIONS

See attached description of correspondence.

- Comment
- Public Testimony

4. **DIRECTOR'S REPORT**

- 911
- Budget
 - Comment
 - Public Testimony

5. **NEW BUSINESS**

A. Year 2000 Program Management Office (Y2K PMO) Presentation

- Comment
- Public Testimony

B. AT&T/TCI Merger: Franchise Transfer (Action Item)

- Proposed Resolution

URGING THE BOARD OF SUPERVISORS TO APPROVE THE PROPOSED RESOLUTION IN BOARD OF SUPERVISORS' FILE NO. 99-0375 APPROVING THE TRANSFER OF CONTROL OVER THE CABLE FRANCHISE AND THE PROPOSED ORDINANCE IN BOARD OF SUPERVISORS' FILE NO 99-0376 AMENDING THE CABLE FRANCHISE TO REQUIRE A REBUILD OF THE SAN FRANCISCO CABLE SYSTEM.

- Comment
- Public Testimony
- Consideration and Possible Action to Approve

C. AT&T/TCI Merger: Open Access Issue (Action Item)

- Proposed Resolution

URGING THE BOARD OF SUPERVISORS TO APPROVE THE PROPOSED RESOLUTION IN BOARD OF SUPERVISORS' FILE NO. 99-0455 THAT URGES THE CITY ATTORNEY AND DTIS TO TAKE ALL POSSIBLE ACTION TO ENSURE THAT CONGRESS AND/OR THE FEDERAL COMMUNICATIONS COMMISSION ADOPT POLICIES ENSURING NON-DISCRIMINATORY ACCESS TO THE CABLE MODEM PLATFORM.

- Comment
- Public Testimony
- Consideration and Possible Action to Approve

D. Report from TCI About Proposed Cable TV Rate Increase

- Comment
- Public Testimony

6. **OLD BUSINESS**

A. Telecommunications Plan

- Monthly Progress Report
- Comment
- Public Testimony

B. Public Access Update (Interim Improvements and Van)

- Comment
- Public Testimony

7. **CALENDAR MATTERS**

- Comment
- Public Testimony

8. **PUBLIC COMMENT**

9. **ADJOURNMENT**

COMMUNICATIONS RECEIVED February 16, 1999 – March 12, 1999

1. Letter from AT&T, dated February 23, 1999, regarding the approved merger of AT&T and TCI;
2. Letter from TCI, dated February 23, concerning their 1999 service price adjustments; and
3. Letter from the San Francisco Planning and Urban Research Association (SPUR), dated March 8, 1999, regarding the development of the City's Telecommunications Plan;
4. Catalog for the GTC '99 Conference; and
5. Information from the Fair Political Practices Commission.

SUNSHINE ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the peoples' review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-6083.

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American Sign Language interpreters, sound enhancement devices, information in alternative format and/or Stenocaptioning will be available upon request.

Please make your request for reasonable accommodations at least 72 hours in advance of any public meeting or hearing.



JULIA M. C. FRIEDLANDER
Acting Director
Telephone: (415) 554-0801

To: David Ellington, President
Ernest Jackson, Vice President
Bonnie Engel, Member
John Lira, Member
Jan Masaoka, Member
San Francisco Telecommunications Commission

From: Julia M. C. Friedlander *JMF*
Acting Director, DTIS

Re: AT&T/TCI Merger

Date: March 19, 1999

This memorandum provides background information about the San Francisco cable television franchise, the merger between AT&T and TCI, and the proposed legislation related to the merger that was recently introduced by the Mayor (Board of Supervisors Files No. 990375 and No. 990376) and by Supervisor Leslie Katz (Board of Supervisors File No. 990455).

After a brief introduction on the history of the San Francisco cable franchise, the memorandum addresses the following frequently asked questions:

1. Why is the AT&T/TCI merger before the Telecommunications Commission and the Board of Supervisors?
2. Why Are AT&T and TCI Merging?
3. What government approvals did the merger transaction need?
4. What are the benefits of the merger to San Francisco and its residents?
5. Will the merger have disadvantages for the City and its residents?
6. Could the City stop the merger?
7. Does the City support or oppose the merger?
8. What does the proposed legislation introduced by the Mayor and Supervisor Katz do?

9. What are the benefits of the proposed legislation to the City and its residents?
10. As a result of the merger, can the City negotiate a new cable franchise?
11. As a result of the merger, can the City raise the franchise fees TCI pays to the City?
12. Will cable television rates increase as a result of the merger?
13. Will cable television rates increase as a result of the rebuild of the San Francisco cable system?
14. As a result of the merger, can the City impose an "equal access" or "open access" provision on AT&T/TCI for the provision of cable modem services?
15. When will the rebuild of the San Francisco cable system be done?

Introduction: San Francisco Cable Television Franchise

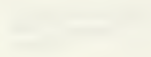
The San Francisco Cable Television Franchise ("Franchise") was granted to Television Signal Corporation ("TSC") in 1964. The original Franchise Ordinance (Ordinance No. 105-64) granted TSC the right to build a cable television system in the City and County of San Francisco ("City"), and provided for the payment of franchise fees to the City.

The term of the Franchise initially expired in 1985, but in 1980, the Board of Supervisors ("Board") extended the term for twenty years. (Ordinance No. 541-80.) The Franchise now expires in 2005. The Franchise is non-exclusive.

In the mid-1970's, TSC became a wholly owned subsidiary of Viacom. In 1996, Tele-Communications Inc. ("TCI") and its affiliates acquired all of the nationwide cable holdings of Viacom, Inc. and Viacom International, Inc. The City maintained that Viacom and TCI needed the City's approval under Section 6 of the Franchise. In addition, the City had a large number of complaints regarding Viacom's failure to satisfy its obligations under the Franchise. The companies claimed that they did not need the City's approval of the transaction and disputed many of the City's claims about franchise compliance. The City negotiated with the companies to resolve these disputes.

In 1997, at the conclusion of these negotiations, the Board adopted legislation approving the transfer of control over TSC from Viacom to TCI, subject to several conditions. (Resolution No. 107-97; Ordinance No. 42-97.) Under franchise amendments that were adopted as a condition of approval, TCI agreed to:

- Expand wiring and service to public buildings;
- Transfer control over the public access channel from TCI to a non-profit corporation designated by the Board on a date set by the Board;
- Provide more than \$1,550,000 for PEG facilities and equipment;



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- Provide an annual PEG operating grant of more than \$450,000 commencing after transfer of the public access channel;
- Increase the number of PEG transmission sites around the City from 3 to 17;
- A low-income rate to qualified subscribers;
- A temporary rate freeze.

1. Why is the AT&T/TCI merger before the Telecommunications Commission and the Board of Supervisors?

In 1998, AT&T Corp. ("AT&T") announced that it planned to merge with TCI. The merger took the form of a "stock transfer" or a "transfer of control" whereby TCI shareholders received AT&T stock in exchange for TCI becoming a subsidiary of AT&T. TCI and its subsidiaries, including TSC, continue to exist. TSC's assets and stock ownership are not altered by the transaction.

In nearly three-fourths of the hundreds of local jurisdictions in which TCI was the cable franchisee, AT&T and TCI took the position that they did not need local approval of the transfer. They only sought transfer approvals in those local jurisdictions where the franchise contained explicit language requiring approval of a "transfer of control." AT&T and TCI took the position that the San Francisco Franchise does not require the companies to obtain Board approval of their merger, because, in their view, Section 6 does not require Board approval for a transfer of control over the company holding the franchise, but only for a transfer of the franchise itself.

The City disagreed with AT&T/TCI's position, and advised them that their merger required the consent of the Board under section 6 of the Cable Franchise. Following discussion with the Board of Supervisors, DTIS initiated negotiations with the companies to resolve the dispute. The proposed legislation introduced by the Mayor reflects the Department's recommendation for resolving the dispute over whether the companies need the City's approval of their merger.

2. Why Are AT&T and TCI Merging?

The merger of AT&T and TCI reflects a nationwide trend: the convergence of the telecommunications and cable industries. More specifically, AT&T was motivated to acquire TCI because AT&T wants to get into the business of providing local telephone service. Initially, AT&T tried to enter this market in California by reselling services using the Pacific Bell network. After encountering difficulties with this strategy, the company decided to acquire its own local networks by acquiring TCI. Many of the TCI networks -- including the TCI network in San Francisco -- need to be rebuilt before they can be used to provide local telephone service.

TCI was interested in merging with AT&T because the company has not had adequate capital to rebuild all of its cable systems nationwide. For several years, TCI has been interested in providing high speed internet access to residential and business customers through a cable modem platform. In order to provide this service, the company needs to rebuild many of its networks -- including the San Francisco network.

The merger with AT&T gives TCI the capital it needs to rebuild its network infrastructure.

The merged company has stated that it hopes to provide a full range of services – including local and long distance telephone service, high speed internet access, and multi-channel video (cable television) services over a single network in TCI franchise areas.

3. What government approvals did the merger transaction need?

The Department of Justice (DOJ) reviewed the merger to determine whether it would have anti-competitive effects. AT&T and TCI received DOJ approval on December 31, 1998. They received the approval of all local jurisdictions to which they had sent federal forms for approval of the transfer by February 16, 1999. They received the approval of the stockholders of both companies on February 17, 1999. The Federal Communications Commission (FCC) reviewed the merger to weigh the benefits and potential anti-competitive effects of the merger and determine whether it is in the public interest. The FCC approved the merger on February 17, 1999.

4. What are the benefits of the merger to San Francisco and its residents?

After rebuilding the San Francisco System to state-of-the-art hybrid fiber optic/coaxial cable system, AT&T/TCI plan to provide local telephone service. This would give residential customers an alternative to buying services from Pacific Bell. As the first phase of the City's Telecommunications Plan documented ("a survey of telecommunications providers doing business in San Francisco"), residential customers in San Francisco currently have no alternative to buying local telephone services from Pacific Bell.

In the FCC's 1998 Assessment of the Status of Video Competition, the FCC found that "internet and other data can be transmitted faster over cable infrastructure than over most telephone systems, including ones deploying DSL technology." Thus, cable infrastructure may be one of the most promising mediums for ensuring that residents have access to advanced communications capability. The FCC has found that the cable industry's broadband platform makes cable an optimal medium for transmitting large amounts of digital information – data, graphics, and video – at high speeds.

In the FCC's Proceedings on Advanced Telecommunications Capability, the FCC found that the demand for broadband capability was growing rapidly. (A cable television network is one kind of "broadband" network.) The services provided to consumers over a broadband network may include real-time video telephony (so that families that connect over the phone can see each other as well as talk to each other), the ability to download feature-length movies in a matter of minutes, and the ability to change web pages as fast as changing the channel on a television. There are also increased prospects for at-home learning and working at home (a special help for those who are home-bound due to age or disability). Finally, some of these services could include health care at home in emergencies and for the chronically ill.

The first part of the paper discusses the importance of the study and the objectives of the research. It also outlines the methodology used in the study and the results obtained. The second part of the paper discusses the implications of the study and the conclusions drawn from the research. It also outlines the limitations of the study and the areas for future research.

The study was conducted in a laboratory setting and involved the use of a series of tests to measure the performance of the system. The results of the tests were compared to the theoretical predictions and the conclusions drawn from the research. The study found that the system performed well under the conditions tested and that the theoretical predictions were generally accurate.

The implications of the study are that the system can be used in a variety of applications and that the theoretical predictions can be used to guide the design of the system. The conclusions drawn from the research are that the system is a viable option for the application and that the theoretical predictions are a useful tool for the design of the system.

The limitations of the study are that the results were obtained from a laboratory setting and that the conditions tested may not be representative of the real world. The areas for future research are to conduct further tests in a real world setting and to develop a more comprehensive model of the system.

5. Will the merger have disadvantages for the City or its residents?

- a. Local telephone competition: Some people are concerned that the merger will ultimately reduce competition in the local and long distance telephone markets because they fear the merged company -- able to deliver local and long distance telephone service, mobile telephone service, high-speed internet access, and multi-channel video services -- will drive Pacific Bell and other local telephone companies out of the market.
- b. Multi-channel video competition: Some people are concerned that the merger will also reduce competition in the multi-channel video services market because the merged company may be such a strong competitor that it will force other video programming companies out of the market.
- c. Cross Subsidization: Some people are concerned that when AT&T/TCI starts providing bundled services (e.g. a single rate for cable television, telephone, and internet access services) that AT&T/TCI may use unregulated cable service revenues to subsidize pricing of local telephone and internet access services. This would disadvantage competing companies offering only telephone service or internet access.
- d. Open access to cable modem platform: The AT&T/TCI business plan involves providing internet access through a company affiliated with AT&T/TCI called @Home. Many people have argued that @Home's exclusive arrangements with TCI may be anticompetitive. TCI currently requires any customer who subscribes to its high-speed cable modem service to also purchase internet access from the @Home corporation. Thus, a TCI customer who wants to use another internet service provider to gain access to the internet using TCI's high speed cable modem service must pay for both the @Home service and for the other internet service. Many people have protested that this requirement by TCI would undermine consumer choice, and restrict competition and diversity on the internet.

The City's ability to regulate the potential anti-competitive effects described above is very limited. These issues are under the jurisdiction of the FCC. However, the City can participate at the federal level to develop safeguards and to ensure that local government interests are represented. One Jurisdiction, the City of Portland, has tried to address the issue of open access to the cable modem platform at the local level. However, DTIS does not recommend this approach in San Francisco for reasons discussed more fully in question number 14 below.

6. Could the City stop the merger?

No single local franchising authority could stop a national merger between two companies affecting hundreds of franchising authorities. The DOJ, the FCC, state regulatory authorities, hundreds of franchising authorities and the stockholders have already approved the merger. Even if the City sued the companies, the litigation would not stop the merger.

7. Does the City support or oppose the merger?

Neither DTIS nor the City has taken a position supporting or opposing the merger. Instead, we have tried to make sure that the benefits of the merger are brought to San Francisco and not just to other cities.

8. What does the proposed legislation introduced by the Mayor and Supervisor Katz do?

Three pieces of proposed legislation related to the merger have been introduced at the Board of Supervisors:

1. Transfer Resolution (Board File No. 990375): This Resolution approves the transfer of control from TCI to AT&T in return primarily for TCI's legally binding commitment to rebuild the San Francisco cable system. Specifically, the Resolution approves the transfer of control subject to the following conditions:

- (1) TSC agrees to the Franchise amendments found in the Rebuild Ordinance;
- (2) TSC executes a release of claims, in which TSC waives all claims against the City, while the City waives only the claim that transfer of control from TCI to AT&T breaches the Franchise;
- (3) Tele-Vue Systems, Inc. (the corporate parent of TSC) guarantees that TSC will perform its rebuild commitments;
- (4) TSC's agreement not to increase cable rates to pay for intangibles or goodwill paid for by AT&T in the merger with TCI.

2. Rebuild Ordinance (Board File No. 990376): This Ordinance amends the TSC Franchise to require that TCI complete a rebuild of the San Francisco cable system within four years of the effective date of the ordinance. The rebuilt system must:

- (5) Have a minimum bandwidth capacity of at least 750 MHz;
- (6) Provide activated two-way capability;
- (7) Be comparable to systems constructed in 3 of 5 similarly situated cities selected by the City in terms of the range of services offered and in terms of several technical criteria; and
- (8) Meet proof of performance tests conducted under the City's supervisions to ensure that the signal delivered to customers meets all applicable technical standards.

3. Open Access Resolution (Board File No. 990455): Supervisor Katz has introduced this resolution to urge the City Attorney and DTIS to do everything possible to convince Congress and/or the FCC to require cable operators providing internet access to ensure competitively neutral and non-discriminatory access to their cable platform for unaffiliated providers of internet and other on-line services. (See discussion under question 14 below.)

The first part of the document is a letter from the President of the United States to the Congress, dated January 1, 1861. The letter is signed by James Buchanan and is addressed to the Senate and House of Representatives. The letter discusses the state of the Union and the recent events leading to the secession of the Southern states. The President expresses his regret over the situation and his hope for a peaceful resolution.

The second part of the document is a report from the Secretary of the Treasury, dated January 1, 1861. The report discusses the financial state of the government and the revenue for the year. The Secretary provides a detailed account of the government's income and expenses, and offers recommendations for future financial management.

The third part of the document is a report from the Secretary of the Interior, dated January 1, 1861. The report discusses the state of the public lands and the progress of the Department's work. The Secretary provides a detailed account of the Department's activities and offers recommendations for future work.

The fourth part of the document is a report from the Secretary of the War, dated January 1, 1861. The report discusses the state of the military and the progress of the Department's work. The Secretary provides a detailed account of the Department's activities and offers recommendations for future work.

The fifth part of the document is a report from the Secretary of the Navy, dated January 1, 1861. The report discusses the state of the navy and the progress of the Department's work. The Secretary provides a detailed account of the Department's activities and offers recommendations for future work.

The sixth part of the document is a report from the Secretary of the State, dated January 1, 1861. The report discusses the state of the foreign relations and the progress of the Department's work. The Secretary provides a detailed account of the Department's activities and offers recommendations for future work.

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The tenth part of the document is a report from the Secretary of the War, dated January 1, 1861. The report discusses the state of the military and the progress of the Department's work. The Secretary provides a detailed account of the Department's activities and offers recommendations for future work.

9. What are the benefits of the proposed legislation to the City and its residents?

AT&T has stated that it will give TCI 1.8 billion in capital to rebuild their cable systems nationally. However, analysts have stated that this amount is not enough to rebuild all of TCI's cable systems. The best way to ensure that any merger benefits flow directly to San Francisco is to ensure that San Francisco is given a high priority on the AT&T/TCI rebuild list. Currently, AT&T/TCI has no legal obligation to rebuild the San Francisco cable system to provide the upgraded services intended to result from the merger. The proposed "Rebuild Ordinance" changes this. If adopted, the Ordinance will create a legally binding commitment so that TCI will not be able to change its mind tomorrow, and take San Francisco off its rebuild list. Two years ago, TCI began a rebuild project in San Francisco, and then simply abandoned it when its financial priorities changed.

Yahoo recently named San Francisco the most wired City in the country for the second year in a row. If San Francisco is to retain its title as the "most wired City," it must ensure that its cable system is rebuilt. Otherwise, San Francisco will risk finding itself on the wrong side of the "digital divide."

10. As a result of the merger, can the City negotiate a new cable franchise?

The franchise is a *contract* between TSC and the City. This contract is valid until 2005. The merger does not give the City authority to simply walk away from the contract and negotiate a new one.

11. As a result of the merger, can the City raise the franchise fees TCI pays to the City?

Under federal law, franchise fees cannot exceed five percent of a cable operator's gross revenue earned from a particular system. 47 U.S.C. § 542(b). The City already receives the maximum franchise fees permitted under federal law. The merger does not give the City authority to increase franchise fees.

12. Will cable television rates increase as a result of the merger?

Although TCI recently announced a rate increase that will go into effect on June 1, 1999, this rate increase does not have anything to do with the merger with AT&T. The City has very little authority over cable television rates. See 47 U.S.C. § 543. Under federal law (which preempts state and local law), the City can check to see whether rates for the basic tier of cable services are consistent with federal formulas, but the City cannot require TCI to charge rates that are lower than those provided by federal formulas. Very few subscribers (about 4%) subscribe only to the basic tier of service. Most subscribers also subscribe to the expanded basic service tier. Since 1992, the FCC has regulated the expanded basic service tier. However, under the Telecommunications Act of 1996, the expanded basic service tier will become completely unregulated as of March 31, 1999. The City has absolutely no authority over the rates charged for this service tier.

Under federal regulations governing the basic service tier, there is one way that the merger could directly affect rates. If AT&T/TCI were to submit what is called a "cost of service" showing, the company could charge San Francisco subscribers for the "goodwill" or "intangible" value that AT&T purchased when it acquired TCI. The proposed Resolution (Board File No. 990375) that has been introduced by the Mayor prohibits AT&T/TCI from justifying a rate increase in San Francisco based on the value of goodwill or intangibles. The City has therefore protected San Francisco subscribers from this form of potential rate increase.

13. Will cable television rates increase as a result of the rebuild of The San Francisco cable system?

It is possible that TCI/AT&T will raise rates when it rebuilds the cable system. As discussed above, the City has very little authority over cable television rates. Furthermore, federal regulations specifically authorize cable operators to increase rates based on network upgrades. 47 C.F.R. § 76.922. The federal regulations are based on the assumption that a cable operator will increase the level of service provided when it upgrades a cable system. These regulations are designed to encourage cable operators to upgrade cable facilities and expand services. TCI/AT&T has stated that they will significantly increase the number of video channels provided over the rebuilt system, in addition to offering new telecommunications services. In order for the City to have more control over cable television rates, federal law would need to be changed.

14. As a result of the merger, can the City impose an "equal access" or "open access" provision on AT&T/TCI for the provision of cable modem services?

The City could impose an "open access" obligation as a condition of its approval for the merger, but this would not be in the best interests of San Francisco subscribers at this time. Without a rebuilt cable system, San Francisco residents have *no* access to high speed internet access through cable modems. Without a rebuilt system, the open access issue is only theoretical in San Francisco.

When concerns about access to the cable infrastructure by competing internet service providers arose, AT&T made clear that it *will not* rebuild facilities in any jurisdiction that imposes an "equal access" or "open access" requirement in its transfer approval or franchise. Only one city -- Portland -- conditioned its approval on an open access policy. Portland already has a rebuilt cable system that is capable of providing internet access services. Portland was immediately sued by AT&T because the company claimed that the open access provision was invalid. This case is currently being litigated.

Many cities across the country, including Denver, Dallas, Los Angeles and Pittsburgh have concluded that the issue is a federal one since it affects all of TCI's cable systems nationwide. The resolution introduced by Supervisor Katz (Board File No. 990455) would establish City policy that internet service providers should have open access to the cable modem platform created by AT&T/TCI. This resolution urges

the City Attorney and DTIS to do everything possible to ensure that Congress or the FCC adopt policies ensuring non-discriminatory access to the cable modem platform.

15. When will the rebuild of the San Francisco cable system be done?

The Rebuild Ordinance requires TCI to complete a rebuild of the San Francisco Cable system within four years of the effective date of the ordinance. The construction will be done in phases. The company has stated that it plans to start providing services over the rebuilt system before all phases of construction are complete, so some areas of the City may receive the benefits of the rebuild in significantly less than four years.

I hope this memorandum has addressed any questions or concerns you may have about the merger. Please feel free to contact me at 554-0801 if you have any additional questions. Thank you.

J. M. F.

TELECOMMUNICATIONS COMMISSION

City & County of San Francisco

PROPOSED RESOLUTION NO. 98-011

URGING THE BOARD OF SUPERVISORS TO APPROVE THE PROPOSED RESOLUTION IN BOARD OF SUPERVISOR'S FILE NO. 99-0375 APPROVING THE TRANSFER OF CONTROL OVER THE CABLE FRANCHISE AND THE PROPOSED ORDINANCE IN BOARD OF SUPERVISORS FILE NO. 99-0376 AMENDING THE CABLE FRANCHISE TO REQUIRE A REBUILD OF THE SAN FRANCISCO CABLE SYSTEM.

WHEREAS in 1998, AT&T and TCI announced that the companies had reached an agreement to merge, pending the receipt of approval from many regulatory agencies and from the companies' stockholders; and

WHEREAS AT&T stated that it was interested in merging with TCI because of AT&T's desire to acquire local network facilities over which it could provide local telephone service in TCI franchise areas; and

WHEREAS TCI has stated that it was interested in merging with AT&T because AT&T would provide TCI with capital it needs to upgrade its network infrastructure in many of its franchise areas; and

WHEREAS AT&T/TCI have stated that the merged company plans to use rebuilt cable television networks to provide local and long distance telephone services, high speed internet access services and multi-channel video services (cable television) to subscriber homes over a single coaxial cable; and

WHEREAS AT&T has stated that it will allocate 1.8 billion dollars in capital funding to upgrade TCI cable systems as a result of the merger and the City needs to ensure that some of that funding is spent to rebuild San Francisco's cable system because even 1.8 billion dollars will not be sufficient to rebuild all of TCI's cable systems; and

WHEREAS the recent study commissioned by DTIS as part of the City's Telecommunications Plan entitled "A Survey of Telecommunications Service Providers Doing Business in San Francisco" found that an abundance of telecommunications service providers offer competitive services to San Francisco's mid and large size businesses but no competition exists for residential telephone consumers; and

WHEREAS the same study also found that the AT&T/TCI merger represents the most significant opportunity for all San Francisco residential neighborhoods to benefit from a competitive telecommunications market; and

WHEREAS the FCC has concluded that data can be transmitted faster over cable infrastructure (a broadband network) than over telephone network infrastructure, even where DSL technology is employed; and

THE UNIVERSITY OF CHICAGO
DIVISION OF THE PHYSICAL SCIENCES
DEPARTMENT OF CHEMISTRY

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DR. J. H. DUNN

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TELECOMMUNICATIONS COMMISSION

City & County of San Francisco

PROPOSED RESOLUTION NO. 98-011

WHEREAS an upgraded cable television network thus offers the best hope for San Francisco residents to receive all the services that are likely to be available through high speed internet access; and

WHEREAS all San Francisco consumers should have a choice of local telephone service providers, should receive the benefits of high speed internet access, and should have access to more video channels that can only be provided over a rebuilt cable system; and

WHEREAS TCI began to upgrade the San Francisco cable system in 1996 but made a business decision to abandon its rebuild project in San Francisco; and

WHEREAS the City negotiated proposed franchise amendments that would require TCI to upgrade the San Francisco cable system within four years to a system that must: (1) have a minimum bandwidth of 750MHz; (2) provide activated two-way capability; (3) be comparable to systems constructed in 3 of 5 similarly situated cities selected by the City in terms of the range of services offered and in terms of technical criteria; and (4) meet proof of performance tests conducted under the City's supervisions to ensure that the signal delivered to customers meets all applicable technical standards; and

WHEREAS the Telecommunications Commission believes that adoption of the franchise amendments requiring TCI to rebuild the San Francisco cable system is in the best interest of the people of San Francisco; now, therefore be it

RESOLVED that the Telecommunications Commission urges the Board of Supervisors to approve the proposed resolution in Board of Supervisor's File No. 99-0375 approving the transfer of control over the Cable Franchise and the proposed ordinance in Board of Supervisors File No. 99-0376 amending the Cable Franchise to require a rebuild of the San Francisco cable system.

Approved by the Telecommunications Commission:

Ayes: _____ Nays: _____

I hereby certify that the foregoing resolution was approved by the San Francisco Telecommunications Commission.

Date Approved

Kim Weisman, Commission Secretary

1 [APPROVING TRANSFER OF CONTROL OVER CABLE FRANCHISEE]
2 APPROVING TRANSFER OF CONTROL OVER TELEVISION SIGNAL CORPORATION,
3 SAN FRANCISCO CABLE TELEVISION FRANCHISE GRANTEE, FROM TELE-
4 COMMUNICATIONS, INC. TO AT&T CORP. UPON CERTAIN CONDITIONS.

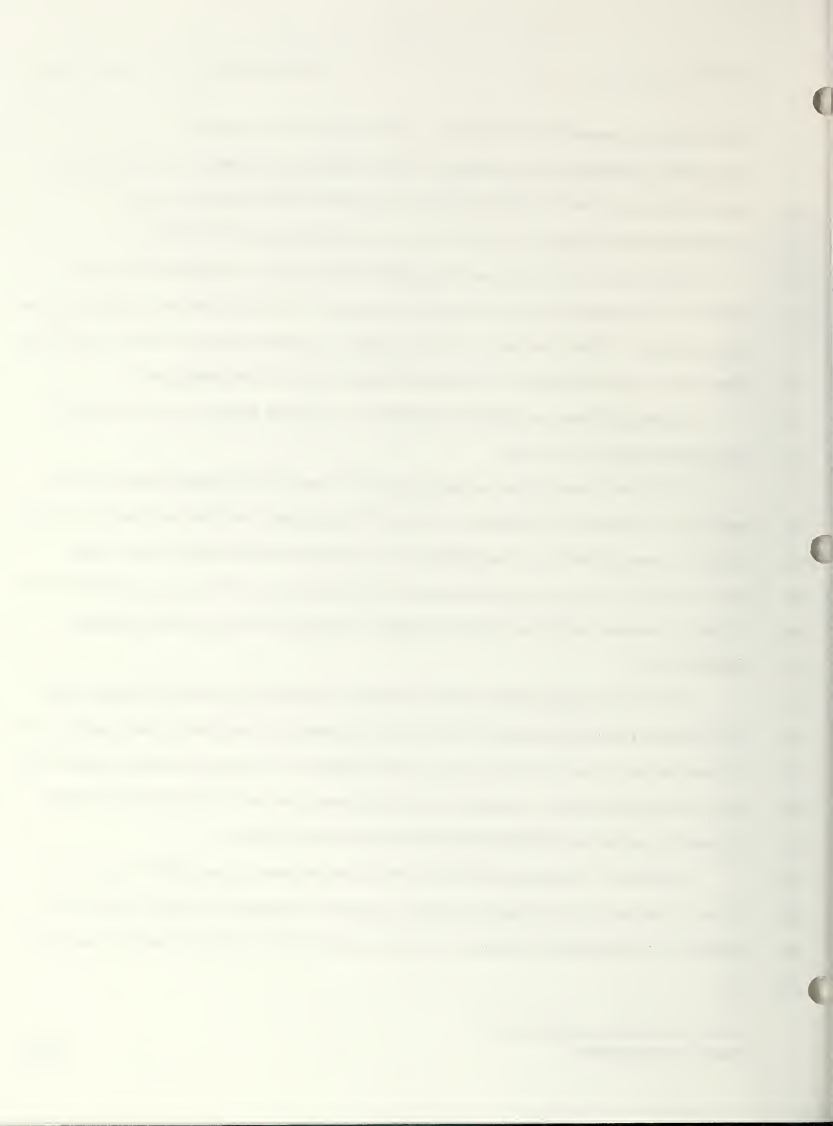
5 WHEREAS, Television Signal Corporation operates as the Grantee of the Cable
6 Television Franchise granted and approved by the Board of Supervisors and the Mayor of the
7 City and County of San Francisco on April 22, 1964 pursuant to ordinance number 104-65, as
8 it has been amended from time to time (the "Cable Television Franchise"); and,

9 WHEREAS, Television Signal Corporation is an indirect wholly-owned subsidiary of
10 Tele-Communications, Inc.; and,

11 WHEREAS, Pursuant to the transaction (the "Transaction") contemplated by certain
12 agreements including the Agreement and Plan of Restructuring and Merger, dated as of June
13 23, 1998, Among AT&T Corp., Italy Merger Corp. and Tele-Communications, Inc., Tele-
14 Communications, Inc. will become a wholly-owned subsidiary of AT&T Corp., and AT&T Corp.
15 will thereby acquire control over Television Signal Corporation and the Cable Television
16 Franchise; and,

17 WHEREAS, Section 6 of the Cable Television Franchise provides that Grantee shall
18 not "assign or otherwise transfer in any manner whatever this Franchise, or sell, lease, license
19 or permit others to use, transfer in any manner whatever, or convey any interest in, all or any
20 part of its facilities which are installed or operated hereunder, except upon the prior written
21 approval by ordinance of the Board of Supervisor of the City"; and,

22 WHEREAS, The City and County of San Francisco has advised AT&T Corp., Tele-
23 Communications, Inc. and Television Signal Corporation that the Transaction requires the
24 consent of the Board of Supervisors pursuant to section 6 of the Cable Television Franchise;
25 and,



1 WHEREAS, Television Signal Corporation, Tele-Communications, Inc. and AT&T Corp.
2 have asserted that the Transaction does not require the consent of the Board of Supervisors
3 pursuant to Section 6 of the Cable Television Franchise and, accordingly, have declined to
4 request the consent of the Board of Supervisors or to formally submit to the City and County
5 of San Francisco documents required by federal law (FCC Form 394) necessary to invoke the
6 120-day timeline for local review of a franchise transfer pursuant to Title 47 Code of Federal
7 Regulations part 76.502(h); and,

8 WHEREAS, The City wishes to assure that the intangible costs of the Transaction, if
9 any, shall not be imposed upon subscribers in the City and County of San Francisco by
10 obtaining the agreement of Television Signal Corporation not to include in any FCC Form
11 1220 (or any other applicable form) cost-of-service showing with respect to rates to be
12 charged to San Francisco subscribers any amount for intangibles or goodwill that is greater
13 than the amount that could have been included under the rules and regulations of the FCC
14 applicable at the time of the filing if the Transaction had not occurred; and,

15 WHEREAS, Television Signal Corporation has agreed to enter into certain
16 amendments to the Cable Television Franchise described below (the "Rebuild Ordinance");
17 and,

18 WHEREAS, Tele-Vue Systems, Inc., a subsidiary under majority control by Tele-
19 Communications, Inc., and parent of Television Signal Corporation, has previously
20 guaranteed the performance by Television Signal Corporation of the obligations of the Cable
21 Television Franchise pursuant to the terms of the Guaranty (the "Guaranty") attached as
22 Exhibit A to Resolution numbered 107-97; and,

23 WHEREAS, The City and County of San Francisco desires to ensure that Tele-
24 Communications, Inc. consents to the Rebuild Ordinance and that the Guaranty remains in full
25



1 force and effect with respect to the obligations under the Cable Television Franchise, as
2 amended by the Rebuild Ordinance; and,

3 WHEREAS, as a condition precedent to each party's agreement to the terms and
4 conditions contained herein, Television Signal Corporation and the City and County of San
5 Francisco shall enter into the Mutual Release (the "Mutual Release") described below; now,
6 therefore, be it

7 RESOLVED, That the Board of Supervisors of the City and County of San Francisco,
8 pursuant to Section 6 of the Cable Television Franchise and Section 617 of the Cable
9 Television and Consumer Protection Act of 1992, hereby approves the transfer of control over
10 Television Signal Corporation and the Cable Television Franchise to AT&T Corp. pursuant to
11 the Transaction, subject to each of the following conditions precedent:

12 CONDITION 1. That Television Signal Corporation duly executes and delivers
13 to the City and County of San Francisco the Rebuild Ordinance, in the form attached as
14 Exhibit A hereto;

15 CONDITION 2. That Television Signal Corporation and the City and County of
16 San Francisco each duly execute and deliver to the other the Mutual Release, in the
17 form attached as Exhibit B hereto;

18 CONDITION 3. That Television Signal Corporation agrees, by countersigning
19 below, that it will not include in any FCC Form 1220 (or any other applicable form) cost-
20 of-service showing with respect to rates to be charged to San Francisco subscribers
21 any amount for intangibles or goodwill that is greater than the amount which could have
22 been included under the rules and regulations of the FCC applicable immediately prior
23 to the closing of the Transaction;
24
25



1 CONDITION 4: That Tele-Vue Systems, Inc. agrees, by countersigning below, that (i)
2 it consents to the terms of the Rebuild Ordinance; (ii) that the obligations guaranteed
3 under the Guaranty shall include all of the obligations of Television Signal Corporation
4 under the Rebuild Ordinance; and (iii) that the terms of the Guaranty shall otherwise
5 remain unchanged and in full force and effect.

6
7 **ACCEPTED AND AGREED:**

8
9 TELEVISION SIGNAL CORPORATION

10 By: John Kopchik
11 Name: John Kopchik
12 Title: Officer-President

13
14 TELE-VUE SYSTEMS, INC.

15 By: John Kopchik
16 Name: John Kopchik
17 Title: Officer-President

18
19 TELE-COMMUNICATIONS, INC.

20 By: John Kopchik
21 Name: John Kopchik
22 Title: Officer-President
23 Date: 2-19-99
24
25



CABLE TELEVISION REBUILD ORDINANCE

Page 1
2/16/99



[Cable Television Franchise Amendments]

AMENDING ORDINANCE NO. 105-64, AS AMENDED MOST RECENTLY BY ORDINANCE NO. 42-97, BY AMENDING SECTION 25 REGARDING GRANTEE'S REBUILD OF THE SAN FRANCISCO CABLE SYSTEM, BY AMENDING DEFINITIONS IN SECTIONS 32.10, AND 32.18, AND BY ADDING SECTIONS 31(i), 31(j), 32.22, 32.23, AND 32.24.

Note: Additions are underlined; deletions are in ((double parentheses)).

Be it ordained by the People of the City and County of San Francisco:

Section 1. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97 is hereby amended by amending Section 25 as follows:

SECTION 25. Rebuild of Cable System

(a) ((The Grantee informs the City that it has begun to rebuild the Cable System in the Rebuild Hub Service Areas designated in Appendix E.)) The Grantee shall complete a Rebuild of the San Francisco Cable System in all of the Rebuild Hub Service Areas designated in Appendix E within 48 months of the Effective Date of the Rebuild Ordinance. The Rebuilt System shall have a minimum bandwidth of 750 MHz on all active and passive components, shall provide activated two-way capability, and shall be Comparable to cable systems constructed in similarly situated cities, as set forth in Section 32.24 herein. These specifications for the Rebuilt System shall replace "system requirements" set forth in Section 2(a)(1) herein. The Grantee shall ((be entitled to)) use the Rebuilt System to ((make)) provide Upgraded Services ((available)) to Subscribers on a node-by-node basis as soon as possible. ((; provided, however that if the Grantee does not complete the Rebuilt System and offer Upgraded Services to all Subscribers within the Required Service Area within a reasonable period of time, Grantee shall cease providing Upgraded Services to any Subscriber within the geographic boundaries of the City and County of San Francisco. The need to construct and

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BOARD OF SUPERVISORS



1 deploy new facilities, the availability of routes, impediments to construction, delays in
2 receiving required permits, and occurrences beyond the foreseeable control of the Grantee
3 shall be considered in determining the reasonableness of the time necessary to offer
4 Upgraded Services to all Subscribers.)) The Grantee understands and agrees that time is of
5 the essence with regard to the commitments contained within the Rebuild Ordinance.

6 (b) Within thirty (30) days of ((On or before)) September 1 and March 1 in each year
7 prior to completion of the Rebuilt System, the Grantee shall file a "Rebuild Progress Report"
8 with the ((Board)) Department of Telecommunications and Information Services. The Rebuild
9 Progress Report shall include a map in a form agreed to by the City and Grantee identifying
10 the boundaries of all areas (i) in which a node has been activated to provide Upgraded
11 Services to date, and (ii) in which a node was activated to provide Upgraded Services within
12 the previous six months, and (iii) in which a node is expected to be activated to provide
13 Upgraded Services within the subsequent six month period, as well as the number of homes
14 passed, or expected to be passed by the Rebuilt System with respect to each of the above
15 areas. A node shall be considered activated when it is used to offer Upgraded Services to
16 any Subscriber on a commercial basis.

17 (c) The Grantee will make diligent efforts to identify a hub location in Rebuild Hub
18 Service Area 5, as identified in Appendix E. The Grantee shall notify the City of the status of
19 these efforts within ((6 months after the Date of the Franchise Amendments)) nine (9) months
20 of the Effective Date of the Rebuild Ordinance. If the Grantee reports that it has been able to
21 identify a hub location within Rebuild Hub Service Area 5, ((and if the Grantee is continuing
22 construction to complete a Rebuilt System,)) the Grantee agrees, at the election of the City by
23 written notice within 30 days after receipt of Grantee's notice, to undertake rebuild
24 construction in Rebuild Hub Service Area 5 prior to undertaking rebuild construction in Rebuild
25 Hub Service Area 4, as these areas are identified in Appendix E.



1 (d) The Grantee shall not deny any services, including any Upgraded Services, to any
2 group of potential Subscribers because of the income of the residents in the local area in
3 which such group resides.

4 (e) The Grantee shall inform Subscribers at least three (3) days prior to any scheduled
5 or expected temporary interruptions to existing services exceeding five minutes during the
6 period of 5:30 a.m. to 1:00 a.m. Pacific Time which may occur due to construction under the
7 Rebuild Ordinance.

8 (f) The Grantee shall not be excused from the timely performance of its obligation to
9 begin and complete construction of the Rebuilt System and provide Comparable Upgraded
10 Services within the times specified herein, except for the following occurrences: (i) *force*
11 *majeure* delays beyond the control of the Grantee including, without limitation, wars, civil
12 disturbance, flood or other Acts of God, laws, regulations, rules or orders of any governmental
13 agency, sabotage, strikes, failure or delay in transportation, labor, provided that Grantee has
14 exercised all due care to prevent the occurrence of such events which are reasonably
15 foreseeable; or (ii) delays beyond the control of the Grantee that the Grantee could not
16 reasonably have anticipated, including delays regarding the availability, shipment and arrival
17 of necessary equipment, cables, electronics or hardware, protracted underground excavation,
18 easement availability, receipt of City permits, compliance with the City's joint trenching
19 requirements, receiving approved pole applications in a timely manner, or any other valid
20 factors that are justified in writing to the City and agreed to by the City. Absent a showing of
21 excusable delay pursuant to subsections (i) and (ii) above, should the Grantee be unable to
22 demonstrate that it has materially complied with the commencement or timely completion of
23 construction of the Rebuilt System within the times specified herein, or be unable to
24 reasonably justify any delays, then the Grantee shall be in violation of a material provision of
25 the Franchise, as amended, and the City may, at its sole discretion, either grant the Grantee



1 an extension of time to complete such construction and/or pursue any remedies available
2 under United States or California law, or provided in the Franchise, as amended.

3 The City's receipt and/or review of a Rebuild Progress Report shall in no way excuse or
4 waive any breach of the Franchise, as amended, or other applicable law.

5 (g) Within ninety (90) days of submission of a Rebuild Progress Report demonstrating that
6 Upgraded Services are available to a majority of homes passed within any Rebuild Hub
7 Service Area, Grantee shall, at its own cost and expense, and under the City's supervision,
8 conduct the following proof-of-performance tests ("Tests") at fifteen (15) Subscriber network
9 distribution locations selected by the City and not disclosed to Grantee until the day of the

10 Tests:

- 11 1. Visual carrier levels on each activated Channel;
- 12 2. Aural carrier levels on each activated Channel;
- 13 3. The calculated difference between the visual and aural carrier levels on each activated
14 Channel;
- 15 4. Adjacent Channel video difference on activated Channels;
- 16 5. The difference between the highest video carrier level on any activated Channel and
17 the lowest video carrier level on any activated Channel;
- 18 6. Carrier-to-noise ratio on 6 Channels selected by City;
- 19 7. Low frequency distortions on 6 Channels selected by City;
- 20 8. Intermodulation distortions on 6 Channels selected by City; and
- 21 9. Expert rating of picture distortions, if any, on all activated Channels.

22 Prior to the Tests, the Grantee shall take the following measurements at its headend,
23 under the City's supervision: (i) video carrier levels and picture quality on all Channels leaving
24 the headend; (ii) audio carrier levels on all Channels leaving the headend; and (iii) FM radio
25 carrier levels, if any. Additionally, prior to the Tests, Grantee shall present the City with copies



of current calibration certificates issued by an independent calibration laboratory for all frequency/voltage sensitive equipment that will be used in the Tests.

Within ninety (90) days after notification to City by Grantee that it has completed the Rebuild, Grantee shall conduct the Tests under the conditions described above in forty (40) locations selected by the City from the remaining untested Rebuild Hub Service Areas. At that time, Grantee shall also demonstrate to City that the Rebuilt System complies with the FCC signal leakage requirements of 47 CFR Part 76, Subpart K, pursuant to a driving inspection of no less than twenty (20) percent of the Rebuilt System.

Grantee shall reimburse the City for the City's reasonable costs to supervise the Tests, not to exceed ten thousand dollars (\$10,000).

Section 2. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97 is hereby amended by amending Section 32.10 to read as follows:

32.10 "Franchise Agreement" and "Franchise" shall mean all the terms of this franchise originally granted by Ordinance Number 105-64, as amended ((, including the Franchise Amendments, and all exhibits and appendices thereto)).

Section 3. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97 is hereby amended by amending Section 32.18 to read as follows:

32.18 "Rebuild" or "Rebuilt System" shall mean replacement, upgrade or enhancement of any portion of the facilities installed by the Grantee ((with)) to achieve a signal transmission capacity at or exceeding ((550))750 MHz.

Section 4. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97 is hereby amended by adding Sections 31(i) and 31(j) to read as follows:

(i) In the event of an irreconcilable conflict between the provisions of the Rebuild Ordinance and the Franchise as it existed prior to the amendments effected by the Rebuild Ordinance, the provisions and intent of the Rebuild Ordinance shall prevail.



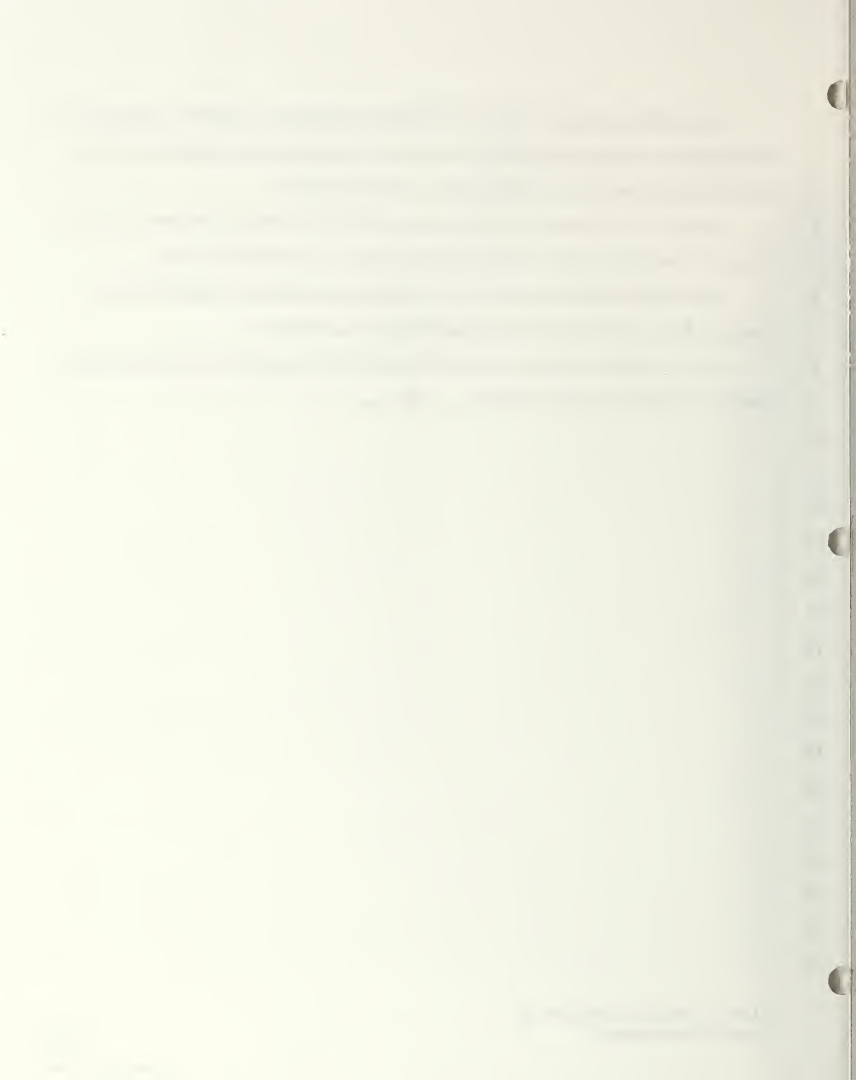
(j) The Rebuilt System shall be constructed to comply with all federal, state, and local requirements, including, but not limited to, the City's Municipal Code and California Public Utilities Commission General Orders 95 and 128, as amended.

Section 5. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97 is hereby amended by adding Sections 32.22 through 32.24 to read as follows:

32.22 "Effective Date" shall mean the effective date of an enactment of the San Francisco Board of Supervisors approving the Rebuild Ordinance.

32.23 "Rebuild Ordinance" shall mean the Ordinance adopted by the San Francisco Board of Supervisors in Board File No. _____-99-_____.

MAYOR WILLIE L. BROWN, JR.
BOARD OF SUPERVISORS



32.24 "Comparable" shall mean equivalent to features found in three (3) of five (5)
Sample Cable Systems at any time between January 1, 1999 and December 31, 2001. The
Rebuilt System shall be Comparable to the Sample Cable Systems if it provides substantially
equivalent: range of services; fiber-to-the feeder trunk and feeder design architecture; and
stand-by powering of the headend, nodes, and the coaxial portion of the system. The Sample
Cable Systems shall be selected by the City from a list of all of the cable systems with more
than 140,000 subscribers as of the Effective Date that are owned or controlled by AT&T or
TCL. Grantee shall provide such a list to City within thirty (30) days of the Effective Date. City
shall select five cable systems from the list ("Sample Cable Systems") within ninety (90) days
of receipt of the list and shall provide Grantee written notice of its selection.

ACKNOWLEDGED AND AGREED TO BY THE PARTIES:

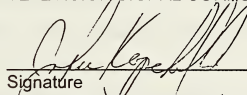
CITY & COUNTY OF SAN FRANCISCO:

TELEVISION SIGNAL CORPORATION:

Approved By:


JULIA M.C. FRIEDLANDER, Director,
Department of Telecommunications and
Information Services

Date: 2/24/99


Signature

Name: John Kopchik

Title: Officer-President

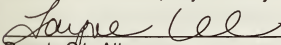
Address: 2055 Folsom St.

San Francisco, CA. 94110

Date: 2-19-99

Approved as to form:

LOUISE H. RENNE, City Attorney


Deputy City Attorney

Date: 2/24/99

MAYOR WILLIE L. BROWN, JR.
BOARD OF SUPERVISORS



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1 NOW THEREFORE:

2 THE PARTIES TO THIS AGREEMENT DO HEREBY AGREE AS FOLLOWS:

- 3 1. In consideration for the mutual obligations and covenants contained herein, Television
4 Signal Corporation hereby waives and releases the City and County of San Francisco
5 and any of its agents or employees from any liability or obligations arising from the
6 Cable Television Franchise, or the assessment, imposition or collection of any fees or
7 obligations arising from the Cable Television Franchise prior to the date of this Mutual
8 Release.
- 9 2. In consideration for the mutual obligations and covenants contained here and subject
10 to the conditions set forth below, the City and County of San Francisco hereby does
11 waive and release Television Signal Corporation from any claims, demands, liabilities
12 or causes of action solely arising from any breach or alleged breach of the obligations
13 imposed by section 6 of the Cable Television Franchise which act, omission or breach
14 occurred prior to the date of this Mutual Release.
- 15 3. Nothing in this Mutual Release shall affect nor be construed to affect in any way the
16 rights or obligations of any party pursuant to any other law, regulation, contract,
17 agreement or lawful order, or the claims, liabilities, defenses, or causes of action of any
18 party to this Mutual Release arising from any source (including any code, regulation, or
19 order relating to the construction or installation of facilities) other than section 6 of the
20 Cable Television Franchise.
- 21 4. Nothing in this Mutual Release shall affect nor be construed to affect in any way any
22 claim or defense of any party for or based upon any act, omission or breach, or any
23 continuing act, omission or breach, of Television Signal Corporation or its affiliates
24 arising from any source other than section 6 of the Cable Television Franchise, or
25 occurring after the effective date of the ordinance numbered __.99.__ in a file



maintained by the Board of Supervisors. This Mutual Release expressly does not affect any claim or defense relating to the lease or sublease to, or use by third-parties of, or continued lease or sublease to or continued use after the date of the Franchise Amendments by third-parties of any of the facilities installed by Television Signal Corporation pursuant to the Cable Television Franchise.

5. This Mutual Release expressly shall not affect nor be construed to affect in any way any claim or defense relating to the calculation, assessment, imposition or collection of any past, present or future tax, or the right of any third party with regard to the proceeds of any tax, or the proceeds of any tax refund, reduction, rebate, diminution or change in assessment at any time.

6. This Mutual Release shall not be effective unless and until it is executed by all parties hereto, and approved by resolution of the Board of Supervisors of the City and County of San Francisco, and all conditions of such resolution (including the final execution and receipt of the Rebuild Ordinance) are tendered to and received by the Clerk of the Board of Supervisors of the City and County of San Francisco in the form and manner prescribed in such resolution.

The parties to this Agreement warrant that they have read and understood this agreement and each of the conditions thereof with the assistance and advice of counsel, and that by signing hereinbelow do undertake to accept and undertake the obligations and rights set forth herein.



1 Approved by resolution of the Board of Supervisors
2 of the City and County of San Francisco
3 on this date, _____, 1999.
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6 _____
Clerk of the Board of Supervisors

7 TELEVISION SIGNAL CORPORATION
8

9 _____
Signature

10 Name: John Kopchik

11 Title: Officer-President
12
13

14 APPROVED AS TO FORM:

15 LOUISE H. RENNE, City Attorney
16
17

18 By: _____
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Deputy City Attorney

MAYOR WILLIE L. BROWN, JR.
BOARD OF SUPERVISORS

TELECOMMUNICATIONS COMMISSION

City & County of San Francisco

PROPOSED RESOLUTION NO. 98-012

URGING THE BOARD OF SUPERVISORS TO APPROVE THE PROPOSED RESOLUTION IN BOARD OF SUPERVISOR'S FILE NO. 99-0455 THAT URGES THE CITY ATTORNEY AND DTIS TO TAKE ALL POSSIBLE ACTION TO ENSURE THAT CONGRESS AND/OR THE FEDERAL COMMUNICATIONS COMMISSION ADOPT POLICIES ENSURING NON-DISCRIMINATORY ACCESS TO THE CABLE MODEM PLATFORM.

WHEREAS cable networks are one of the most promising mediums for ensuring that citizens have access to advanced communications capability, supporting services such as high-speed Internet access, video streaming, and Internet telephony; and

WHEREAS AT&T and TCI have agreed to complete a rebuild of the San Francisco cable system within four years of the effective date of proposed Ordinance in Board of Supervisor File No. 990376; and

WHEREAS, AT&T and TCI have stated that they plan to offer high-speed cable modem services to their subscribers in san Francisco after they rebuild the San Francisco cable system; and

WHEREAS AT&T and TCI have stated that they intend to continue TCI's requirement that any customer who subscribes to its high-speed cable modem service must also purchase Internet access from the @Home Corporation, and

WHEREAS any TCI customer who wants to use another internet service provider to gain access to the Internet using TCI's high-speed Internet service must pay for both services; and

WHEREAS San Francisco is home to numerous small Internet Service Provider companies who could be driven from the marketplace by AT&T/TCI's exclusive arrangements with @Home; and

WHEREAS the Telecommunications Commission wants to ensure that service over broadband networks remain competitive and diverse, and believes that this issue is of national importance since it affects thousands of cities across the nation with cable systems that have exclusive arrangements with @Home; now, there, be it

RESOLVED that the Telecommunications Commission urges the San Francisco Board of Supervisors to approve the proposed resolution in Board of Supervisors File No. 99-0455 that urges the City Attorney and DTIS to take all possible action to ensure that Congress and/or the FCC adopt policies ensuring non-discriminatory access to the cable modem platform for providers of Internet and other on-line services.

Approved by the Telecommunications Commission:

Ayes: _____ Nays: _____

I hereby certify that the foregoing resolution was approved by the San Francisco Telecommunications Commission.

Date Approved

Kim Weisman, Commission Secretary

1 [Non-Discriminatory Access For Cable Modem Platforms]

2 URGING THE SAN FRANCISCO CITY ATTORNEY AND THE DEPARTMENT OF
3 TELECOMMUNICATIONS AND INFORMATION SERVICES TO TAKE ALL POSSIBLE
4 ACTION TO ENSURE THAT CONGRESS AND/OR THE FEDERAL COMMUNICATIONS
5 COMMISSION ADOPT POLICIES ENSURING NON-DISCRIMINATORY ACCESS TO THE
6 CABLE MODEM PLATFORM.

7 WHEREAS, The Internet is an increasingly important method of communication in our
8 society, and services provided over the Internet constitute a rapidly growing sector of the
9 economy; and,

10 WHEREAS, The continued growth of the Internet depends on the development of high
11 speed broadband networks; and,

12 WHEREAS, The use of cable modems operating over broadband networks is one of
13 the most promising methods for providing high speed access to the Internet; and,

14 WHEREAS, Tele-Communications Inc. ("TCI"), with 14 million subscribers, is one of
15 the largest cable operators in the country; and,

16 WHEREAS, TCI has stated that it plans to offer high-speed cable modem services to
17 its subscribers in San Francisco after it rebuilds the San Francisco cable system; and,

18 WHEREAS, TCI currently requires that any customer who subscribes to its high-speed
19 cable modem service must also purchase Internet access from the @home Corporation, a
20 corporation that is affiliated with TCI, and that will be largely owned by AT&T Corp. ("AT&T");
21 and,

22 WHEREAS, A TCI customer who wants to use another Internet service provider ("ISP")
23 to gain access to the Internet using a cable modem would have to pay for both the @home
24 service and for the other ISP service; and,



1 WHEREAS, Pursuant to certain agreements, AT&T will acquire TCI, and TCI will
2 become a wholly-owned subsidiary of AT&T; and,

3 WHEREAS, AT&T has stated that it intends to continue TCI's requirement that
4 subscribers to the high-speed cable modem service must also pay for the @ Home service;
5 and,

6 WHEREAS, Other ISPs and consumer advocates have protested that this requirement
7 by AT&T/TCI would undermine consumer choice, and restrict competition and diversity on the
8 Internet; and,

9 WHEREAS, Other on-line providers have protested that this requirement by AT&T/TCI
10 would allow it to control standards on the Internet for video transmission; and,

11 WHEREAS, The regulatory framework that governs the cable modem platform will
12 likely affect competition and diversity among providers of Internet and other on-line services,
13 and the availability of a broad range of services to the general public; and,

14 WHEREAS, Congress has mandated in Section 706 of the Telecommunications Act of
15 1996 that the Federal Communications Commission ("FCC") and State Commissions shall
16 encourage the deployment of advanced telecommunications capability to all Americans; and,

17 WHEREAS, the FCC has instituted proceedings to address the deployment of
18 advanced telecommunications capability to all Americans in a reasonable and timely manner,
19 and stated that it will monitor broadband deployment closely; and,

20 WHEREAS, The City and County of San Francisco wants to ensure the availability of
21 competitive and diverse services over high speed broadband networks and encourage the
22 economic development of local on-line businesses such as Internet service providers; now,
23 therefore, be it

24 RESOLVED, That the San Francisco Board of Supervisors urges the San Francisco
25 City Attorney and the Department of Telecommunications and Information Services to take all



1 possible action to ensure that Congress and/or the Federal Communications Commission
2 adopt policies ensuring non-discriminatory access to the cable modem platform for providers
3 of Internet and other on-line services.
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**TELECOMMUNICATIONS COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

**<DRAFT *>
MINUTES**

**MONDAY, MARCH 22, 1999
CITY HALL**

ROOM 400

**REGULAR MEETING
5:30 P.M.**

COMMISSIONERS

**E. David Ellington, President
Ernest Jackson, Vice President
Bonnie Engel
John Lira
Jan Masaoka**

**Julia M. C. Friedlander
ACTING DIRECTOR, DEPARTMENT OF TELECOMMUNICATIONS
AND INFORMATION SERVICES**

DOCUMENTS DEPT.

APR 15 1999

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- Subject to the approval of the Telecommunications Commission

Order of Business

1. Call to Order and Roll Call

The meeting was called to order by President E. David Ellington at 5:33 P.M.

President Ellington called roll call for the Commission.

President: E. David Ellington
Ernest Jackson, Vice President
Bonnie Engel, Commissioner
John Lira, Commissioner
Jan Masaoka, Commissioner

2. Approval of the Minutes of February 22, 1999

Commissioner Masaoka made a motion, seconded by Commissioner Engel, to adopt the minutes of February 22, 1999. The Commission moved to adopt the minutes with five ayes [Ellington, Jackson, Engel, Lira, Masaoka], none opposed.

- Comment: None.
- Public Testimony: None.

3. Communications

- Comment: None.
- Public Testimony: None.

4. Director's Report

Acting Director Julia Friedlander relayed some of the department's accomplishments on key priority projects since the last Commission meeting.

A. Budget and Administration

1. Major Hiring and recruitment effort underway

- Due to new work related to City Hall and the Year 2000 team, DTIS has received authorization for 7 additional positions, creating a total of 46 open positions in the department.
- Since November, 1998, when the budget issues were resolved, DTIS has hired 22 new people. Among these are two new staffers who will be joining the Policy, Planning and Compliance Division and will be supporting the Commission.

2. Budget Proposal for Fiscal Year 1999-2000

- DTIS has recently submitted requests to the Mayor's Office for \$4.4 million in enhancements to the budget, which fall into four major categories:
 - Items that are essential to make existing systems Y2K compliant;
 - Equipment that is important to maintaining the reliability and capabilities of the City's voice and data networks;
 - Equipment that is important for the internal development of the Department, such as a new chargeback system; and
 - Items necessary to perform new services to the public.

B. 911

- Staff from the Network Facilities Division began installing Mobile Computing Terminals and wiring for new radio equipment in police vehicles. These devices are used in every Police vehicle to connect with the new records management system and computer aided dispatch system, being installed in connection with the new 911 system.

C. Campaign Finance System

- Staff from the Applications Development Division have progressed to the design stage in developing an online Campaign Finance Reporting System for the Ethics Commission. This system will build upon systems DTIS has already developed to provide facilities for campaign committees to file their reports regarding contributions and expenditures with the Ethics Committee via the Internet. A web interface will be developed for smaller campaign organizations to record their contributions and expenditure, while larger organizations will be able to file through electron file transfers.

D. Court Management System

- Staff from the Applications Development Division have completed a requirements analysis for replacement of the Court Management System (CMS.) A draft of the requirements and design approaches for the replacements system have been completed and a Request for Information will be released within the next couple of months.
 - Comment: None.
 - Public Testimony: None.

5. New Business

A. Year 2000 Program Management Office (Y2K PMO) Presentation (See attached CCSF Y2K Program Management Office Presentation)

Cheri Houseman, Project Manager, made a presentation about the Y2K PMO (attached.) Ms. Houseman introduced the staff: Project Assistant Maria McDonald; Y2K Readiness Analysts Maria Jurosek, Julia Velson, Kevin Johnson, and Tamara Maimon; Deputy City Attorneys Chris Hayashi and Sharon Anolik; and Public Information Officer Yvonne Garcia.

- Comment

President Ellington asked if City departments have a clear understanding of what their responsibility is as to Y2K compliance. Ms. Houseman answered that the accountability and responsibility lies with each individual department, but the Y2K PMO can help in overcoming various "roadblocks" in the City. Commissioner Masaoka asked for an example, which was provided by Ms. Houseman.

President Ellington asked for an explanation of the role of DTIS as it relates to the Y2K problem, and how the Y2K PMO fits into solving that problem. Ms. Friedlander replied that DTIS Senior Applications Project Manager, Ron Hass, has for several years been providing education materials to City departments to help explain the Y2K problem and how the departments can prepare for it. In addition, DTIS has been working on remediation of many City information technology systems for several years on behalf of various City department clients. The Y2K PMO is making sure that there are no important issues that have been overlooked. The Y2K PMO is housed within DTIS, who manages its budget, but reports to COIT, which in turn reports to the Mayor and the Board of Supervisors.

President Ellington asked for an estimated completion date. Ms. Houseman stated that there are several target dates. One of these is to have the contingency planning completed prior to September 1, 1999, but testing will continue until the end of December, 1999. The project will be viable into the 1st quarter of next year. Ms. Friedlander stated that the COIT subcommittee is in the process of working with various departments to develop more target dates.

Vice President asked if a risk assessment had been completed. Ms. Houseman replied in the affirmative, and Ms. Friedlander further explained that the focus is on mission critical services that the City delivers to the public and any embedded systems that are used to deliver mission critical services.

Ms. Houseman stated that there is both a public and internal web site devoted to Y2K issues.

President Ellington asked if there are contingency plans for January 1, 2000. Ms. Houseman stated that each department is actively working on their contingency plans for delivering their mission critical services. The COIT subcommittee will review each plan and provide recommendations to the departments where warranted.

Ms. Friedlander stated that she expects the Y2K PMO will be fully funded through the beginning of next year.

Commissioner Masaoka asked the best way that the Telecommunications Commission could be helpful to the Y2K PMO office. Ms. Friedlander stated that they will discuss that idea, and let them know if there are any particular missions that can be identified for the Commission.

Commissioner Lira asked whether the Commission could be informed as each department's testing has been completed and if there is an effect way to utilize the inventory information that is being gathered. Ms. Houseman stated that they do have a tool that monitors the process. Ms. Friedlander stated that they are currently reviewing different ways in which to best utilize the information. Vice President Jackson asked what is being used as a depository for the information. Ms. Houseman stated that it is being held in an SQL database.

Commissioner Engel asked if there is an emergency response team. Ms. Houseman stated that the Office of Emergency Services (OES) has a Citywide contingency plan and that the Y2K PMO public information officer will be proactively providing information to citizens.

- Public Testimony: None.

B. AT&T/TCI Merger: Franchise Transfer

- Proposed Resolution 99-011
(See attached final Resolution 99-011)

URGING THE BOARD OF SUPERVISORS TO APPROVE THE PROPOSED RESOLUTION IN BOARD OF SUPERVISORS' FILE NO. 99-0375 APPROVING THE TRANSFER OF CONTROL OVER THE CABLE FRANCHISE AND THE PROPOSED ORDINANCE IN BOARD OF SUPERVISORS' FILE NO. 99-0376 AMENDING THE CABLE FRANCHISE TO REQUIRE A REBUILD OF THE SAN FRANCISCO SYSTEM.

Pursuant to the Sunshine Ordinance and the Political Reform Act, Commissioner Lira recused himself from voting or commenting on agenda items B and C, and commenting on item D, due to a conflict of interest. This conflict arises from the Commissioner's ownership AT&T stock. Vice President Jackson motioned to

accept Commissioner Lira's recusal from the vote, seconded by President Ellington. The Commission moved to adopt the motion with four ayes [Ellington, Jackson, Engel and Masaoka], none opposed.

President Ellington requested that items B, C and D on the agenda be heard, along with public comment, prior to voting on the resolutions.

Ms. Friedlander provided background on the TCI/AT&T merger and the Board of Supervisor's proposed Resolutions 99-0375, 99-0376 and 99-0455. (See attached report to the Commission from the Director dated March 19, 1999.)

The Commission moved to adopt the motion to adopt the proposed resolution with four ayes [Ellington, Jackson, Engel and Masaoka], none opposed.

- Comment

Commissioner Engel asked that, as a result of the merger, if local phone rates will be considered part of the 5% revenues to the City. Ms. Friedlander replied that the City will be watching this issue very closely at the federal level.

Commissioner Engel asked that, in regards to the provision in the current franchise agreement, if the cable company is laying new conduit, would the City have access to it; she questioned whether DTIS is planning to recommend to the Board of Supervisors that the City should budget for putting down fiber at the same time. Ms. Friedlander stated that TCI will install new conduit for the City wherever it installs new conduit and that the issue of installing fiber is currently being reviewed.

President Ellington asked TCI's Doug Schulz, Area Director, and Sue Levitin, Government Relations Director, Southwestern Region, to speak briefly about TCI's four-year plan. Mr. Schulz spoke briefly about the upgrade and said that the system will work much better because there will be more redundancy built in and it is digital down to the node. He stated that there will be approximately 72 analog channels, and the shared channels will no longer be needed.

President Ellington asked if DTIS has looked at other municipalities' rebuilt cable systems. Ms. Friedlander stated that they were still waiting for the information from TCI/AT&T, which is required to provide DTIS with a list of all cities with over 140,000 subscribers and a description of their systems. There are currently 190,000 subscribers in San Francisco.

Commissioner Masaoka asked if Ms. Friedlander felt that given San Francisco's dense population, the rebuild would have taken place within four years, even without an agreement. Ms. Friedlander said that it could have happened, but

there are many things, such as a change in the economy, that could have prevented the rebuild from occurring on a timely basis. Commissioner Engel thanked the Mayor for taking the incentive to make broadband Internet bandwidth available and for Supervisor Katz for urging the FCC to examine the open access issue. She stated that she wished the City had fought harder for PEG and asked for some assurance that TCI will honor the franchise agreement. Ms. Levitin stated that TCI will honor the agreement.

Vice President Jackson asked, for the record, if Mr. Schulz and Ms. Levitin, are representing AT&T as well as TCI. Ms. Levitin stated that yes, they are. Vice President Jackson then asked if TCI/AT&T had any private meetings or anything that would be viewed in violation of the law, with the Mayor, the Board of Supervisors, or any member of DTIS or the Telecommunications Commission. Ms. Levitin stated that no private meetings in violation of the law were held.

Ms. Friedlander noted that three additional PEG channels will be provided as a result of the new cable agreement.

At the request of Ms. Friedlander, Ted Liebst, Media Connections Group (MCG), commented on cable competition in San Francisco, and whether or not there was now an opportunity available to the City that might not have been there had the merger not occurred. The merger will move the rebuild of the City with a specific timetable that was not predictable before. He believes that RCN should be looked at as the competitor to TCI/AT&T, although it will be now more difficult for additional competitors to come into the market place, due to the strength of the merger of TCI/AT&T.

Commissioner Masaoka asked Mr. Liebst if they should be satisfied with this deal. Mr. Liebst stated that he did not have the information which would enable him to express an opinion.

Commissioner Engel asked for elaboration on the different interpretations of Section 6 of the cable agreement. Ms. Friedlander responded that the City and TCI have a difference in interpretation of the franchise language, with the City position being that it does require the City's approval and TCI believes it does not. Ms. Levitin stated that it is the company's position that there is a change in control. The franchise remains intact, and that the only thing that changes is that TCI acquires a parent company. Therefore, it is their position that the entity with which the City has the agreement remains the same.

- Public Testimony

Zane Blaney urged the Commission not to approve proposed Resolution 99-011 as written, particularly due to what he views as AT&T's disregard of Section 6 in the franchise agreement.

Niels Erich stated that he felt Ms. Friedlander made an effective case concerning whether or not this is the best deal for the City, and that attention should be paid to pricing and public cable nodes.

Ellison Horne encouraged the Commission to urge the Board of Supervisors to have the negotiators go back to the negotiation table to get additional money for PEG and at least one fiber loop.

Mike Freeman urged the Commission not to approve proposed Resolution 99-011 as based on Section 6 in the franchise agreement and urged them to go back to the negotiation table.

C. AT&T/TCI Merger: Open Access Issue

- Proposed Resolution 99-012
(See attached final Resolution 99-012)

URGING THE BOARD OF SUPERVISORS TO APPROVE THE PROPOSED RESOLUTION IN BOARD OF SUPERVISORS' FILE NO. 99-0455 THAT URGES THE CITY ATTORNEY AND DTIS TO TAKE ALL POSSIBLE ACTION TO ENSURE THAT CONGRESS AND/OR THE FEDERAL COMMUNICATIONS COMMISSION ADOPT POLICIES ENSURING NON-DISCRIMINATORY ACCESS TO THE CABLE MODEM PLATFORM.

Pursuant to the Sunshine Ordinance and the Political Reform Act, Commissioner Ellington recused himself from voting or commenting on agenda item C due to a conflict of interest. This conflict arises because AOL owns a 20% share in his firm, NetNoir, plus issues related to the open access issue. Commissioner Engel motioned to accept President Ellington's recusal from the vote, seconded by Vice President Jackson. The Commission moved to adopt the motion with three ayes [Jackson, Engel and Masaoka], none opposed.

Commissioner Masaoka moved that the Commission amend the proposed resolution to include language that applies to all providers of high-speed broadband networks. After the final whereas clause, the words "now there be it" would be deleted, and the following language inserted; "Whereas, the Telecommunications Commission believes that other providers of high-speed broadband networks may also impose such exclusive arrangements on their subscribers; now therefore be it..." In the clause that begins "RESOLVED," after the last word, "services," the following language would be inserted; "and to amend the proposed resolution to apply to high-speed cable and other broadband networks."

Ms. Friedlander provided background on the resolution.

(See attached report to the Commission from the Director dated March 19, 1999.)

Commissioner Engel motioned to accept the amended resolution, seconded by Vice President Ellington. The Commission moved to adopt as amended with three ayes [Jackson, Engel and Masaoka], none opposed.

- Comment: None.
- Public Testimony: None.

D. Report from TCI About Proposed Cable TV Rate Increase

Stacie Kelley, Director of Regulatory Affairs, TCI, gave a presentation on the proposed cable TV rate increase. This is the fourth year that TCI has announced its price adjustments; this year the increase will be approximately 5%, which is the average for TCI nationwide. The discount for low-income lifeline customers will continue.

- Comment

Commissioner Masaoka asked what a median bill is for a San Francisco TCI subscriber. Ms. Kelly responded that it was approximately \$27.15, which included basic and expanded cable.

In response to President Ellington's question, Ms. Kelly responded that TCI adopted the FCC's annual adjustment methodology in 1996, which allows TCI to adjust prices annually for increases in the amount of what they have to pay to programmers to supply programming, increases in inflation and other cable related costs, such as copyright and FCC user fees.

President Ellington asked Denise Brady to follow-up on the revenue increase with the introduction of the new TCI digital services.

Vice President Jackson asked how many origination points will be done this year. Mr. Schulz stated that TCI is waiting for the City to determine where they would like those points located, at which point they will construct them. He stated he believed, based on the franchise agreement, that there was a twelve month time period from the request being made until the time they are completed.

Ms. Friedlander stated that when the Mayor introduced the legislation regarding the transfer, they had no knowledge of this rate increase, and were quite disappointed that the rate increase followed the introduction of that legislation so immediately. Supervisor Katz, at today's Board of Supervisors meeting, requested that DTIS look into the rate increase. Ms. Friedlander informed the Commission that this is an instance where the City may have more influence than control. The current law under the Telecommunications Act of 1996 completely deregulates the expanded cable tier as of March 31, 1999, and the

City's control over the basic tier is limited. For instance, \$1.20 of the \$1.35 rate increase in San Francisco is beyond the control of the City.

Ms. Kelley stated that they are required by the FCC rules to announce the rate increase 90 days prior to implementing the adjustment.

Commissioner Masaoka expressed her frustration with TCI, given all of the customer complaints. She asked DTIS to work with City Attorney Louise Renne to see if a more aggressive stance can be taken. Ms. Friedlander stated that she would present a report at next month's meeting about the status of efforts to reexamine the rate regulation question and what the options might be for the City to influence national policy on cable rates.

At the request of Commissioner Engel, Ms. Friedlander stated that DTIS would do the analysis of what the revenues from the projected cable television rate increase would be to the City.

At the request of President Ellington, Ms. Brady will report at next month's meeting on the gross revenues for TCI, including revenues from the introduction of digital cable and the last year's rate increase.

- Public Testimony

Zane Blaney, CEO, San Francisco Community Television Corporation (SFCTC) spoke about the proposed rate increases as it affects public access.

Brian Lazarus expressed his concern that none of the Commissioners voted "no" on the resolutions and urged the City to go back to the negotiating table.

6. Old Business

A. Telecommunications Plan

- Monthly Progress Report

Ms. Brady gave the monthly progress report.

- DTIS is working on the demand side of the supply/demand issue for current telecommunications services. The Controller's Annual Residential Survey is currently being tabulated and analyzed; results will be ready at the end of April.
- The Public Research Institute is currently finalizing its pre-test phase, in preparation of the actual residential phone survey next week. The draft analysis is due to DTIS on April 30, 1999.

- DTIS is currently reviewing various consultant proposals to conduct residential focus groups.
- DTIS hired Media Connections Group (MCG) to perform one-on-one interviews with representatives from large business, i.e. banking, hospitals, multi-media, bio-science, insurance and universities.
- DTIS is in discussion with a consultant, who represents 19,000 small business and small business associations in San Francisco, to hold small business sector focus groups.
- DTIS, in respect to the internal government needs assessment, has completed a scope-of-work and is preparing an RFI, to determine the needs of the government as a consumer. An analysis will be prepared, making recommendations on the best way to provide City services.

- Comment

President Ellington mentioned that DTIS and the Commissioners have received a communication from SPUR, and that representatives from DTIS will meet with SPUR to discuss their concerns.

In response to Vice President Jackson, Ms. Brady stated that she would provide a revised timeline, project plan and milestones for the Telecommunications Plan at next month's Commission meeting.

- Public Testimony: None.

B. Public Access Update (Interim Improvements and Van)

Ms. Friedlander informed the Commission that 25 Van Ness has been identified as an appropriate interim location for many of the services needed by public access. The SFCTC has also resubmitted a budget that is much closer to what can be accommodated by the City.

Ms. Friedlander stated that she had previously asked Vice President Jackson to chair a working group, which includes Commissioner Bonnie Engel, Zane Blaney and Aaron Vinck from SFCTC, and Ms. Brady, Priscilla Watts and Ms. Friedlander from DTIS, to resolve some of the problems surrounding public access. At next month's Commission meeting, the group will present a comprehensive proposal of the transition of management of public access to the SFCTC and a timeline for doing so. Ms. Friedlander discussed the working group's objectives, which are:

1. Prepare a budget (including one-time and continuing costs) and service level for 5 public access functions to be located at 25 Van Ness.
2. Prepare a budget (including one-time and continuing costs) and service level for at least 3 alternative ways of providing studio production capability.
3. Prepare a budget (including one-time and continuing costs) and service level for at least 3 alternative ways of providing playback and upstream transmission function.
4. Identify at least 3 options for the mobile production van, including:
 - How (if at all) the van will be used for public access production;
 - How the van will be used by Citywatch;
 - How the van's use will be managed and supervised;
 - A description of the van capabilities and functions; and
 - A budget (including one-time and continuing costs).
5. Prepare a proposal for how comment from affected public access producers will be solicited on the various options for providing studio production capability.
6. Prepare a proposed schedule for transfer of management of the public access channel from TCI to the Community Television Corporation, including any phasing that may be required in relation to the 7 key public access functions (channel administration, outreach, lending of field production equipment, editing, training, playback and production studio).

Ms. Brady gave a report on public access goals.
(See "Public Access Channel" Attachment.)

- Comment

President Ellington and Commissioner Lira asked for an update on the van. Ms. Friedlander informed the Commission that options for the van will be presented, as part of the working group's report, at next month's Commission meeting.

- Public Testimony

Zane Blaney, CEO, SFCTC, thanked Vice President Jackson and Ms. Brady for their active participation in resolving the PEG issues. He stated that he hoped that the working group would be able to focus more on issues like the 25 Van Ness space, the contract process and the van.

Ellison Horne, Chairman, SFCTC, stated that SFCTC's board is very interested in working with DTIS on these visionary plans. He stated that he hoped there would soon be discussion between the board and DTIS regarding public access being a part of the Mayor's Center for Advanced Technology (MCAT.)

7. Calendar Matters

- Comment: None.
- Public Testimony: None.

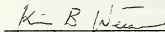
8. Public Comment

Mike Freeman stated that he hoped the \$200,000 grant from the 1996 franchise agreement could be freed up to equip the library studio facility.

9. Adjournment

President E. David Ellington adjourned the meeting at approximately 8:38 p.m.

Respectfully submitted,



Kim B. Weisman
Commission Secretary



CCSF Y2k Program Management Office

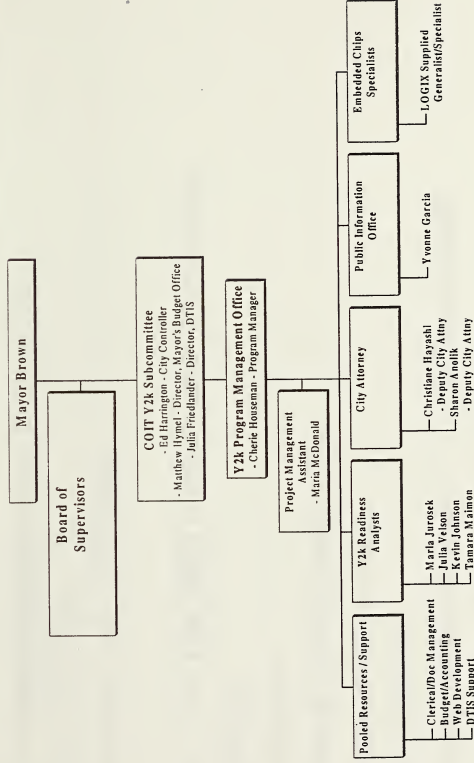
CCSF Y2k PMO
www.ci.sf.ca.us/y2k

Mission-critical Services

COIT Y2k Sub-committee has defined mission-critical services as:

City functions and services that are essential to City's critical operations. Failure of these services could have a direct and immediate impact on a citizen's health, safety or ability to travel.

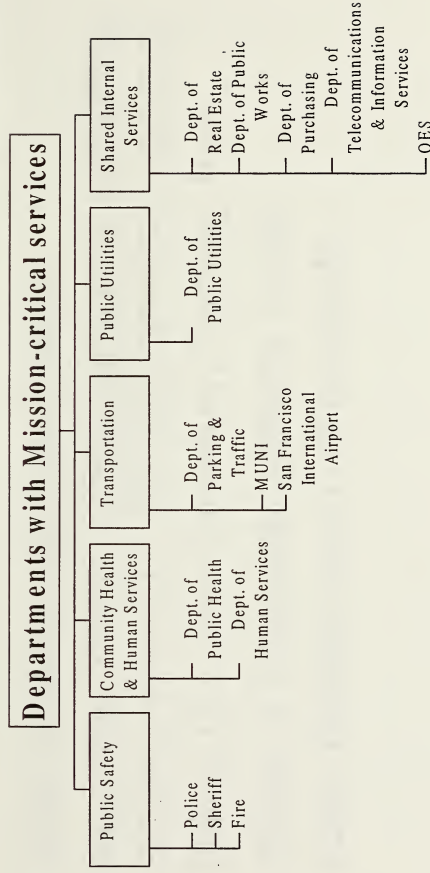
Organization Structure



Roles & Responsibilities

- CCSF Departments are accountable for:
 - Their Y2k Efforts
 - Becoming Year 2000 Ready
- The CCSF Y2k PMO is responsible for providing:
 - Guidance
 - Facilitation
 - Training for the overall effort
 - Management of Issues
 - Due diligence
 - Sharing of lessons learned across Departments
 - Monitoring and Reporting progress

Departments



Y2k PMO Status

- Initial meetings with departments.
- Baselining Mission-critical Services & supporting systems with COIT Y2k Subcommittee approval.
- Rollout of Central Inventory/Tracking Tool.
- Rollout of Embedded Systems Toolkit
- Public Website www.ci.sf.ca.us/y2k.

DEPARTMENT OF TELECOMMUNICATIONS & INFORMATION SERVICES

City & County of San Francisco

RESOLUTION NO. 98-011

1 URGING THE BOARD OF SUPERVISORS TO APPROVE THE PROPOSED
2 RESOLUTION IN BOARD OF SUPERVISOR'S FILE NO. 99-0375 APPROVING THE
3 TRANSFER OF CONTROL OVER THE CABLE FRANCHISE AND THE PROPOSED
4 ORDINANCE IN BOARD OF SUPERVISORS FILE NO. 99-0376 AMENDING THE
5 CABLE FRANCHISE TO REQUIRE A REBUILD OF THE SAN FRANCISCO CABLE
6 SYSTEM.

7 WHEREAS in 1998, AT&T and TCI announced that the companies had reached
8 an agreement to merge, pending the receipt of approval from many regulatory agencies
9 and from the companies' stockholders; and

10 WHEREAS AT&T stated that it was interested in merging with TCI because of
11 AT&T's desire to acquire local network facilities over which it could provide local
12 telephone service in TCI franchise areas; and

13 WHEREAS TCI has stated that it was interested in merging with AT&T because
14 AT&T would provide TCI with capital it needs to upgrade its network infrastructure in
15 many of its franchise areas; and

16 WHEREAS AT&T/TCI have stated that the merged company plans to use rebuilt
17 cable television networks to provide local and long distance telephone services, high
18 speed Internet access services and multi-channel video services (cable television) to
19 subscriber homes over a single coaxial cable; and

20 WHEREAS AT&T has stated that it will allocate 1.8 billion dollars in capital
21 funding to upgrade TCI cable systems as a result of the merger and the City needs to
22 ensure that some of that funding is spent to rebuild San Francisco's cable system
23 because even 1.8 billion dollars will not be sufficient to rebuild all of TCI's cable
24 systems; and

DEPARTMENT OF TELECOMMUNICATIONS & INFORMATION SERVICES

City & County of San Francisco

RESOLUTION NO. 98-011

1 WHEREAS the recent study commissioned by DTIS as part of the City's
2 Telecommunications Plan entitled "A Survey of Telecommunications Service Providers
3 Doing Business in San Francisco" found that an abundance of telecommunications
4 service providers offer competitive services to San Francisco's mid and large size
5 businesses but no competition exists for residential telephone consumers; and

6 WHEREAS the same study also found that the AT&T/TCI merger represents the
7 most significant opportunity for all San Francisco residential neighborhoods to benefit
8 from a competitive telecommunications market; and

9 WHEREAS the FCC has concluded that data can be transmitted faster over
10 cable infrastructure (a broadband network) than over telephone network infrastructure,
11 even where DSL technology is employed; and

12 WHEREAS an upgraded cable television network thus offers the best hope for
13 San Francisco residents to receive all the services that are likely to be available through
14 high speed Internet access; and

15 WHEREAS all San Francisco consumers should have a choice of local
16 telephone service providers, should receive the benefits of high speed Internet access,
17 and should have access to more video channels that can only be provided over a rebuilt
18 cable system; and

19 WHEREAS TCI began to upgrade the San Francisco cable system in 1996 but
20 made a business decision to abandon its rebuild project in San Francisco; and

21 WHEREAS the City negotiated proposed franchise amendments that would
22 require TCI to upgrade the San Francisco cable system within four years to a system
23 that must: (1) have a minimum bandwidth of 750MHz; (2) provide activated two-way
24 capability; (3) be comparable to systems constructed in 3 of 5 similarly situated cities

DEPARTMENT OF TELECOMMUNICATIONS & INFORMATION SERVICES

City & County of San Francisco

RESOLUTION NO. 98-011

selected by the City in terms of the range of services offered and in terms of technical criteria; and (4) meet proof of performance tests conducted under the City's supervisions to ensure that the signal delivered to customers meets all applicable technical standards; and

WHEREAS the Telecommunications Commission believes that adoption of the franchise amendments requiring TCI to rebuild the San Francisco cable system is in the best interest of the people of San Francisco; now, therefore be it

RESOLVED that the Telecommunications Commission urges the Board of Supervisors to approve the proposed resolution in Board of Supervisor's File No. 99-0375 approving the transfer of control over the Cable Franchise and the proposed ordinance in Board of Supervisors File No. 99-0376 amending the Cable Franchise to require a rebuild of the San Francisco cable system.

Approved by the Telecommunications Commission:

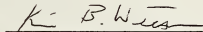
Ayes: 4 – Ellington, Jackson, Engel, Masaoka.

Nays: None.

The Commission voted to excuse the following Commissioner from voting on this resolution: Lira.

I hereby certify that the foregoing resolution was approved by the San Francisco Telecommunications Commission.

3.22.99



Date Approved


Kim B. Weisman, Commission Secretary



JULIA M. C. FRIEDLANDER
Acting Director

Telephone: (415) 554-0801

To: David Ellington, President
Ernest Jackson, Vice President
Bonnie Engel, Member
John Lira, Member
Jan Masaoka, Member
San Francisco Telecommunications Commission

From: Julia M. C. Friedlander 
Acting Director, DTIS

Re: AT&T/TCI Merger

Date: March 19, 1999

This memorandum provides background information about the San Francisco cable television franchise, the merger between AT&T and TCI, and the proposed legislation related to the merger that was recently introduced by the Mayor (Board of Supervisors Files No. 990375 and No. 990376) and by Supervisor Leslie Katz (Board of Supervisors File No. 990455).

After a brief introduction on the history of the San Francisco cable franchise, the memorandum addresses the following frequently asked questions:

1. Why is the AT&T/TCI merger before the Telecommunications Commission and the Board of Supervisors?
2. Why Are AT&T and TCI Merging?
3. What government approvals did the merger transaction need?
4. What are the benefits of the merger to San Francisco and its residents?
5. Will the merger have disadvantages for the City and its residents?
6. Could the City stop the merger?
7. Does the City support or oppose the merger?
8. What does the proposed legislation introduced by the Mayor and Supervisor Katz do?

9. What are the benefits of the proposed legislation to the City and its residents?
10. As a result of the merger, can the City negotiate a new cable franchise?
11. As a result of the merger, can the City raise the franchise fees TCI pays to the City?
12. Will cable television rates increase as a result of the merger?
13. Will cable television rates increase as a result of the rebuild of the San Francisco cable system?
14. As a result of the merger, can the City impose an "equal access" or "open access" provision on AT&T/TCI for the provision of cable modem services?
15. When will the rebuild of the San Francisco cable system be done?

Introduction: San Francisco Cable Television Franchise

The San Francisco Cable Television Franchise ("Franchise") was granted to Television Signal Corporation ("TSC") in 1964. The original Franchise Ordinance (Ordinance No. 105-64) granted TSC the right to build a cable television system in the City and County of San Francisco ("City"), and provided for the payment of franchise fees to the City.

The term of the Franchise initially expired in 1985, but in 1980, the Board of Supervisors ("Board") extended the term for twenty years. (Ordinance No. 541-80.) The Franchise now expires in 2005. The Franchise is non-exclusive.

In the mid-1970's, TSC became a wholly owned subsidiary of Viacom. In 1996, Tele-Communications Inc. ("TCI") and its affiliates acquired all of the nationwide cable holdings of Viacom, Inc. and Viacom International, Inc. The City maintained that Viacom and TCI needed the City's approval under Section 6 of the Franchise. In addition, the City had a large number of complaints regarding Viacom's failure to satisfy its obligations under the Franchise. The companies claimed that they did not need the City's approval of the transaction and disputed many of the City's claims about franchise compliance. The City negotiated with the companies to resolve these disputes.

In 1997, at the conclusion of these negotiations, the Board adopted legislation approving the transfer of control over TSC from Viacom to TCI, subject to several conditions. (Resolution No. 107-97; Ordinance No. 42-97.) Under franchise amendments that were adopted as a condition of approval, TCI agreed to:

- Expand wiring and service to public buildings;
- Transfer control over the public access channel from TCI to a non-profit corporation designated by the Board on a date set by the Board;
- Provide more than \$1,550,000 for PEG facilities and equipment;

- Provide an annual PEG operating grant of more than \$450,000 commencing after transfer of the public access channel;
- Increase the number of PEG transmission sites around the City from 3 to 17;
- A low-income rate to qualified subscribers;
- A temporary rate freeze.

1. Why is the AT&T/TCI merger before the Telecommunications Commission and the Board of Supervisors?

In 1998, AT&T Corp. ("AT&T") announced that it planned to merge with TCI. The merger took the form of a "stock transfer" or a "transfer of control" whereby TCI shareholders received AT&T stock in exchange for TCI becoming a subsidiary of AT&T. TCI and its subsidiaries, including TSC, continue to exist. TSC's assets and stock ownership are not altered by the transaction.

In nearly three-fourths of the hundreds of local jurisdictions in which TCI was the cable franchisee, AT&T and TCI took the position that they did not need local approval of the transfer. They only sought transfer approvals in those local jurisdictions where the franchise contained explicit language requiring approval of a "transfer of control." AT&T and TCI took the position that the San Francisco Franchise does not require the companies to obtain Board approval of their merger, because, in their view, Section 6 does not require Board approval for a transfer of control over the company holding the franchise, but only for a transfer of the franchise itself.

The City disagreed with AT&T/TCI's position, and advised them that their merger required the consent of the Board under section 6 of the Cable Franchise. Following discussion with the Board of Supervisors, DTIS initiated negotiations with the companies to resolve the dispute. The proposed legislation introduced by the Mayor reflects the Department's recommendation for resolving the dispute over whether the companies need the City's approval of their merger.

2. Why Are AT&T and TCI Merging?

The merger of AT&T and TCI reflects a nationwide trend: the convergence of the telecommunications and cable industries. More specifically, AT&T was motivated to acquire TCI because AT&T wants to get into the business of providing local telephone service. Initially, AT&T tried to enter this market in California by reselling services using the Pacific Bell network. After encountering difficulties with this strategy, the company decided to acquire its own local networks by acquiring TCI. Many of the TCI networks -- including the TCI network in San Francisco -- need to be rebuilt before they can be used to provide local telephone service.

TCI was interested in merging with AT&T because the company has not had adequate capital to rebuild all of its cable systems nationwide. For several years, TCI has been interested in providing high speed internet access to residential and business customers through a cable modem platform. In order to provide this service, the company needs to rebuild many of its networks -- including the San Francisco network.

The merger with AT&T gives TCI the capital it needs to rebuild its network infrastructure.

The merged company has stated that it hopes to provide a full range of services – including local and long distance telephone service, high speed internet access, and multi-channel video (cable television) services over a single network in TCI franchise areas.

3. What government approvals did the merger transaction need?

The Department of Justice (DOJ) reviewed the merger to determine whether it would have anti-competitive effects. AT&T and TCI received DOJ approval on December 31, 1998. They received the approval of all local jurisdictions to which they had sent federal forms for approval of the transfer by February 16, 1999. They received the approval of the stockholders of both companies on February 17, 1999. The Federal Communications Commission (FCC) reviewed the merger to weigh the benefits and potential anti-competitive effects of the merger and determine whether it is in the public interest. The FCC approved the merger on February 17, 1999.

4. What are the benefits of the merger to San Francisco and its residents?

After rebuilding the San Francisco System to state-of-the-art hybrid fiber optic/coaxial cable system, AT&T/TCI plan to provide local telephone service. This would give residential customers an alternative to buying services from Pacific Bell. As the first phase of the City's Telecommunications Plan documented ("a survey of telecommunications providers doing business in San Francisco"), residential customers in San Francisco currently have no alternative to buying local telephone services from Pacific Bell.

In the FCC's 1998 Assessment of the Status of Video Competition, the FCC found that "internet and other data can be transmitted faster over cable infrastructure than over most telephone systems, including ones deploying DSL technology." Thus, cable infrastructure may be one of the most promising mediums for ensuring that residents have access to advanced communications capability. The FCC has found that the cable industry's broadband platform makes cable an optimal medium for transmitting large amounts of digital information – data, graphics, and video – at high speeds.

In the FCC's Proceedings on Advanced Telecommunications Capability, the FCC found that the demand for broadband capability was growing rapidly. (A cable television network is one kind of "broadband" network.) The services provided to consumers over a broadband network may include real-time video telephony (so that families that connect over the phone can see each other as well as talk to each other), the ability to download feature-length movies in a matter of minutes, and the ability to change web pages as fast as changing the channel on a television. There are also increased prospects for at-home learning and working at home (a special help for those who are home-bound due to age or disability). Finally, some of these services could include health care at home in emergencies and for the chronically ill.

5. Will the merger have disadvantages for the City or its residents?

a. Local telephone competition: Some people are concerned that the merger will ultimately reduce competition in the local and long distance telephone markets because they fear the merged company -- able to deliver local and long distance telephone service, mobile telephone service, high-speed internet access, and multi-channel video services -- will drive Pacific Bell and other local telephone companies out of the market.

b. Multi-channel video competition: Some people are concerned that the merger will also reduce competition in the multi-channel video services market because the merged company may be such a strong competitor that it will force other video programming companies out of the market.

c. Cross Subsidization: Some people are concerned that when AT&T/TCI starts providing bundled services (e.g. a single rate for cable television, telephone, and internet access services) that AT&T/TCI may use unregulated cable service revenues to subsidize pricing of local telephone and internet access services. This would disadvantage competing companies offering only telephone service or internet access.

d. Open access to cable modem platform: The AT&T/TCI business plan involves providing internet access through a company affiliated with AT&T/TCI called @Home. Many people have argued that @Home's exclusive arrangements with TCI may be anticompetitive. TCI currently requires any customer who subscribes to its high-speed cable modem service to also purchase internet access from the @Home corporation. Thus, a TCI customer who wants to use another internet service provider to gain access to the internet using TCI's high speed cable modem service must pay for both the @Home service and for the other internet service. Many people have protested that this requirement by TCI would undermine consumer choice, and restrict competition and diversity on the internet.

The City's ability to regulate the potential anti-competitive effects described above is very limited. These issues are under the jurisdiction of the FCC. However, the City can participate at the federal level to develop safeguards and to ensure that local government interests are represented. One Jurisdiction, the City of Portland, has tried to address the issue of open access to the cable modem platform at the local level. However, DTIS does not recommend this approach in San Francisco for reasons discussed more fully in question number 14 below.

6. Could the City stop the merger?

No single local franchising authority could stop a national merger between two companies affecting hundreds of franchising authorities. The DOJ, the FCC, state regulatory authorities, hundreds of franchising authorities and the stockholders have already approved the merger. Even if the City sued the companies, the litigation would not stop the merger.

7. Does the City support or oppose the merger?

Neither DTIS nor the City has taken a position supporting or opposing the merger. Instead, we have tried to make sure that the benefits of the merger are brought to San Francisco and not just to other cities.

8. What does the proposed legislation introduced by the Mayor and Supervisor Katz do?

Three pieces of proposed legislation related to the merger have been introduced at the Board of Supervisors:

1. Transfer Resolution (Board File No. 990375): This Resolution approves the transfer of control from TCI to AT&T in return primarily for TCI's legally binding commitment to rebuild the San Francisco cable system. Specifically, the Resolution approves the transfer of control subject to the following conditions:
- (1) TSC agrees to the Franchise amendments found in the Rebuild Ordinance;
 - (2) TSC executes a release of claims, in which TSC waives all claims against the City, while the City waives only the claim that transfer of control from TCI to AT&T breaches the Franchise;
 - (3) Tele-Vue Systems, Inc. (the corporate parent of TSC) guarantees that TSC will perform its rebuild commitments;
 - (4) TSC's agreement not to increase cable rates to pay for intangibles or goodwill paid for by AT&T in the merger with TCI.

2. Rebuild Ordinance (Board File No. 990376): This Ordinance amends the TSC Franchise to require that TCI complete a rebuild of the San Francisco cable system within four years of the effective date of the ordinance. The rebuilt system must:

- (5) Have a minimum bandwidth capacity of at least 750 MHz;
- (6) Provide activated two-way capability;
- (7) Be comparable to systems constructed in 3 of 5 similarly situated cities selected by the City in terms of the range of services offered and in terms of several technical criteria; and
- (8) Meet proof of performance tests conducted under the City's supervisions to ensure that the signal delivered to customers meets all applicable technical standards.

3. Open Access Resolution (Board File No. 990455): Supervisor Katz has introduced this resolution to urge the City Attorney and DTIS to do everything possible to convince Congress and/or the FCC to require cable operators providing internet access to ensure competitively neutral and non-discriminatory access to their cable platform for unaffiliated providers of internet and other on-line services. (See discussion under question 14 below.)

9. What are the benefits of the proposed legislation to the City and its residents?

AT&T has stated that it will give TCI 1.8 billion in capital to rebuild their cable systems nationally. However, analysts have stated that this amount is not enough to rebuild all of TCI's cable systems. The best way to ensure that any merger benefits flow directly to San Francisco is to ensure that San Francisco is given a high priority on the AT&T/TCI rebuild list. Currently, AT&T/TCI has no legal obligation to rebuild the San Francisco cable system to provide the upgraded services intended to result from the merger. The proposed "Rebuild Ordinance" changes this. If adopted, the Ordinance will create a legally binding commitment so that TCI will not be able to change its mind tomorrow, and take San Francisco off its rebuild list. Two years ago, TCI began a rebuild project in San Francisco, and then simply abandoned it when its financial priorities changed.

Yahoo recently named San Francisco the most wired City in the country for the second year in a row. If San Francisco is to retain its title as the "most wired City," it must ensure that its cable system is rebuilt. Otherwise, San Francisco will risk finding itself on the wrong side of the "digital divide."

10. As a result of the merger, can the City negotiate a new cable franchise?

The franchise is a *contract* between TSC and the City. This contract is valid until 2005. The merger does not give the City authority to simply walk away from the contract and negotiate a new one.

11. As a result of the merger, can the City raise the franchise fees TCI pays to the City?

Under federal law, franchise fees cannot exceed five percent of a cable operator's gross revenue earned from a particular system. 47 U.S.C. § 542(b). The City already receives the maximum franchise fees permitted under federal law. The merger does not give the City authority to increase franchise fees.

12. Will cable television rates increase as a result of the merger?

Although TCI recently announced a rate increase that will go into effect on June 1, 1999, this rate increase does not have anything to do with the merger with AT&T. The City has very little authority over cable television rates. See 47 U.S.C. § 543. Under federal law (which preempts state and local law), the City can check to see whether rates for the basic tier of cable services are consistent with federal formulas, but the City cannot require TCI to charge rates that are lower than those provided by federal formulas. Very few subscribers (about 4%) subscribe only to the basic tier of service. Most subscribers also subscribe to the expanded basic service tier. Since 1992, the FCC has regulated the expanded basic service tier. However, under the Telecommunications Act of 1996, the expanded basic service tier will become completely unregulated as of March 31, 1999. The City has absolutely no authority over the rates charged for this service tier.

Under federal regulations governing the basic service tier, there is one way that the merger could directly affect rates. If AT&T/TCI were to submit what is called a "cost of service" showing, the company could charge San Francisco subscribers for the "goodwill" or "intangible" value that AT&T purchased when it acquired TCI. The proposed Resolution (Board File No. 990375) that has been introduced by the Mayor prohibits AT&T/TCI from justifying a rate increase in San Francisco based on the value of goodwill or intangibles. The City has therefore protected San Francisco subscribers from this form of potential rate increase.

13. Will cable television rates increase as a result of the rebuild of The San Francisco cable system?

It is possible that TCI/AT&T will raise rates when it rebuilds the cable system. As discussed above, the City has very little authority over cable television rates. Furthermore, federal regulations specifically authorize cable operators to increase rates based on network upgrades. 47 C.F.R. § 76.922. The federal regulations are based on the assumption that a cable operator will increase the level of service provided when it upgrades a cable system. These regulations are designed to encourage cable operators to upgrade cable facilities and expand services. TCI/AT&T has stated that they will significantly increase the number of video channels provided over the rebuilt system, in addition to offering new telecommunications services. In order for the City to have more control over cable television rates, federal law would need to be changed.

14. As a result of the merger, can the City impose an "equal access" or "open access" provision on AT&T/TCI for the provision of cable modem services?

The City could impose an "open access" obligation as a condition of its approval for the merger, but this would not be in the best interests of San Francisco subscribers at this time. Without a rebuilt cable system, San Francisco residents have *no* access to high speed internet access through cable modems. Without a rebuilt system, the open access issue is only theoretical in San Francisco.

When concerns about access to the cable infrastructure by competing internet service providers arose, AT&T made clear that it *will not* rebuild facilities in any jurisdiction that imposes an "equal access" or "open access" requirement in its transfer approval or franchise. Only one city -- Portland -- conditioned its approval on an open access policy. Portland already has a rebuilt cable system that is capable of providing internet access services. Portland was immediately sued by AT&T because the company claimed that the open access provision was invalid. This case is currently being litigated.

Many cities across the country, including Denver, Dallas, Los Angeles and Pittsburgh have concluded that the issue is a federal one since it affects all of TCI's cable systems nationwide. The resolution introduced by Supervisor Katz (Board File No. 990455) would establish City policy that internet service providers should have open access to the cable modem platform created by AT&T/TCI. This resolution urges

the City Attorney and DTIS to do everything possible to ensure that Congress or the FCC adopt policies ensuring non-discriminatory access to the cable modem platform.

15. When will the rebuild of the San Francisco cable system be done?

The Rebuild Ordinance requires TCI to complete a rebuild of the San Francisco Cable system within four years of the effective date of the ordinance. The construction will be done in phases. The company has stated that it plans to start providing services over the rebuilt system before all phases of construction are complete, so some areas of the City may receive the benefits of the rebuild in significantly less than four years.

I hope this memorandum has addressed any questions or concerns you may have about the merger. Please feel free to contact me at 554-0801 if you have any additional questions. Thank you.

J. M. F.

1 [APPROVING TRANSFER OF CONTROL OVER CABLE FRANCHISEE]
2 APPROVING TRANSFER OF CONTROL OVER TELEVISION SIGNAL CORPORATION,
3 SAN FRANCISCO CABLE TELEVISION FRANCHISE GRANTEE, FROM TELE-
4 COMMUNICATIONS, INC. TO AT&T CORP. UPON CERTAIN CONDITIONS.

5 WHEREAS, Television Signal Corporation operates as the Grantee of the Cable
6 Television Franchise granted and approved by the Board of Supervisors and the Mayor of the
7 City and County of San Francisco on April 22, 1964 pursuant to ordinance number 104-65, as
8 it has been amended from time to time (the "Cable Television Franchise"); and,

9 WHEREAS, Television Signal Corporation is an indirect wholly-owned subsidiary of
10 Tele-Communications, Inc.; and,

11 WHEREAS, Pursuant to the transaction (the "Transaction") contemplated by certain
12 agreements including the Agreement and Plan of Restructuring and Merger, dated as of June
13 23, 1998, Among AT&T Corp., Italy Merger Corp. and Tele-Communications, Inc., Tele-
14 Communications, Inc. will become a wholly-owned subsidiary of AT&T Corp., and AT&T Corp.
15 will thereby acquire control over Television Signal Corporation and the Cable Television
16 Franchise; and,

17 WHEREAS, Section 6 of the Cable Television Franchise provides that Grantee shall
18 not "assign or otherwise transfer in any manner whatever this Franchise, or sell, lease, license
19 or permit others to use, transfer in any manner whatever, or convey any interest in, all or any
20 part of its facilities which are installed or operated hereunder, except upon the prior written
21 approval by ordinance of the Board of Supervisor of the City"; and,

22 WHEREAS, The City and County of San Francisco has advised AT&T Corp., Tele-
23 Communications, Inc. and Television Signal Corporation that the Transaction requires the
24 consent of the Board of Supervisors pursuant to section 6 of the Cable Television Franchise;
25 and,

MAYOR WILLIE L. BROWN, JR.
BOARD OF SUPERVISORS

1 WHEREAS, Television Signal Corporation, Tele-Communications, Inc. and AT&T Corp.
2 have asserted that the Transaction does not require the consent of the Board of Supervisors
3 pursuant to Section 6 of the Cable Television Franchise and, accordingly, have declined to
4 request the consent of the Board of Supervisors or to formally submit to the City and County
5 of San Francisco documents required by federal law (FCC Form 394) necessary to invoke the
6 120-day timeline for local review of a franchise transfer pursuant to Title 47 Code of Federal
7 Regulations part 76.502(h); and,

8 WHEREAS, The City wishes to assure that the intangible costs of the Transaction, if
9 any, shall not be imposed upon subscribers in the City and County of San Francisco by
10 obtaining the agreement of Television Signal Corporation not to include in any FCC Form
11 1220 (or any other applicable form) cost-of-service showing with respect to rates to be
12 charged to San Francisco subscribers any amount for intangibles or goodwill that is greater
13 than the amount that could have been included under the rules and regulations of the FCC
14 applicable at the time of the filing if the Transaction had not occurred; and,

15 WHEREAS, Television Signal Corporation has agreed to enter into certain
16 amendments to the Cable Television Franchise described below (the "Rebuild Ordinance");
17 and,

18 WHEREAS, Tele-Vue Systems, Inc., a subsidiary under majority control by Tele-
19 Communications, Inc., and parent of Television Signal Corporation, has previously
20 guaranteed the performance by Television Signal Corporation of the obligations of the Cable
21 Television Franchise pursuant to the terms of the Guaranty (the "Guaranty") attached as
22 Exhibit A to Resolution numbered 107-97; and,

23 WHEREAS, The City and County of San Francisco desires to ensure that Tele-
24 Communications, Inc. consents to the Rebuild Ordinance and that the Guaranty remains in full
25

1 force and effect with respect to the obligations under the Cable Television Franchise, as
2 amended by the Rebuild Ordinance; and,

3 WHEREAS, as a condition precedent to each party's agreement to the terms and
4 conditions contained herein, Television Signal Corporation and the City and County of San
5 Francisco shall enter into the Mutual Release (the "Mutual Release") described below; now,
6 therefore, be it

7 RESOLVED, That the Board of Supervisors of the City and County of San Francisco,
8 pursuant to Section 6 of the Cable Television Franchise and Section 617 of the Cable
9 Television and Consumer Protection Act of 1992, hereby approves the transfer of control over
10 Television Signal Corporation and the Cable Television Franchise to AT&T Corp. pursuant to
11 the Transaction, subject to each of the following conditions precedent:

12 CONDITION 1. That Television Signal Corporation duly executes and delivers
13 to the City and County of San Francisco the Rebuild Ordinance, in the form attached as
14 Exhibit A hereto;

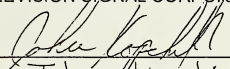
15 CONDITION 2. That Television Signal Corporation and the City and County of
16 San Francisco each duly execute and deliver to the other the Mutual Release, in the
17 form attached as Exhibit B hereto;

18 CONDITION 3. That Television Signal Corporation agrees, by countersigning
19 below, that it will not include in any FCC Form 1220 (or any other applicable form) cost-
20 of-service showing with respect to rates to be charged to San Francisco subscribers
21 any amount for intangibles or goodwill that is greater than the amount which could have
22 been included under the rules and regulations of the FCC applicable immediately prior
23 to the closing of the Transaction;

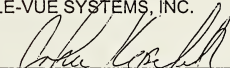
1 CONDITION 4: That Tele-Vue Systems, Inc. agrees, by countersigning below, that (i)
2 it consents to the terms of the Rebuild Ordinance; (ii) that the obligations guaranteed
3 under the Guaranty shall include all of the obligations of Television Signal Corporation
4 under the Rebuild Ordinance; and (iii) that the terms of the Guaranty shall otherwise
5 remain unchanged and in full force and effect.

6
7 **ACCEPTED AND AGREED:**

8
9 TELEVISION SIGNAL CORPORATION

10 By: 
11 Name: John Kopchik
12 Title: Officer-President

13
14 TELE-VUE SYSTEMS, INC.

15 By: 
16 Name: John Kopchik
17 Title: Officer-President

18
19 TELE-COMMUNICATIONS, INC.

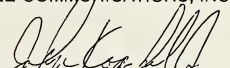
20 By: 
21 Name: John Kopchik
22 Title: Officer-President
23 Date: 2-19-99

EXHIBIT A

CABLE TELEVISION REBUILD ORDINANCE

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1 [Cable Television Franchise Amendments]

2 AMENDING ORDINANCE NO. 105-64, AS AMENDED MOST RECENTLY BY ORDINANCE
3 NO. 42-97, BY AMENDING SECTION 25 REGARDING GRANTEE'S REBUILD OF THE SAN
4 FRANCISCO CABLE SYSTEM, BY AMENDING DEFINITIONS IN SECTIONS 32.10, AND
5 32.18, AND BY ADDING SECTIONS 31(i), 31(j), 32.22, 32.23, AND 32.24.

6
7 Note: Additions are underlined; deletions are in ((double parentheses)).

8 Be it ordained by the People of the City and County of San Francisco:

9 Section 1. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97
10 is hereby amended by amending Section 25 as follows:

11 SECTION 25. Rebuild of Cable System

12 (a) ((The Grantee informs the City that it has begun to rebuild the Cable System in the
13 Rebuild Hub Service Areas designated in Appendix E.)) The Grantee shall complete a
14 Rebuild of the San Francisco Cable System in all of the Rebuild Hub Service Areas
15 designated in Appendix E within 48 months of the Effective Date of the Rebuild Ordinance.
16 The Rebuilt System shall have a minimum bandwidth of 750 MHz on all active and passive
17 components, shall provide activated two-way capability, and shall be Comparable to cable
18 systems constructed in similarly situated cities, as set forth in Section 32.24 herein. These
19 specifications for the Rebuilt System shall replace "system requirements" set forth in Section
20 2(a)(1) herein. The Grantee shall ((be entitled to)) use the Rebuilt System to ((make)) provide
21 Upgraded Services ((available)) to Subscribers on a node-by-node basis as soon as possible.
22 ((; provided, however that if the Grantee does not complete the Rebuilt System and offer
23 Upgraded Services to all Subscribers within the Required Service Area within a reasonable
24 period of time, Grantee shall cease providing Upgraded Services to any Subscriber within the
25 geographic boundaries of the City and County of San Francisco. The need to construct and

MAYOR WILLIE L. BROWN, JR.
BOARD OF SUPERVISORS

1 deploy new facilities, the availability of routes, impediments to construction, delays in
2 receiving required permits, and occurrences beyond the foreseeable control of the Grantee
3 shall be considered in determining the reasonableness of the time necessary to offer
4 Upgraded Services to all Subscribers.)) The Grantee understands and agrees that time is of
5 the essence with regard to the commitments contained within the Rebuild Ordinance.

6 (b) Within thirty (30) days of ((On or before)) September 1 and March 1 in each year
7 prior to completion of the Rebuilt System, the Grantee shall file a "Rebuild Progress Report"
8 with the ((Board)) Department of Telecommunications and Information Services. The Rebuild
9 Progress Report shall include a map in a form agreed to by the City and Grantee identifying
10 the boundaries of all areas (i) in which a node has been activated to provide Upgraded
11 Services to date, and (ii) in which a node was activated to provide Upgraded Services within
12 the previous six months, and (iii) in which a node is expected to be activated to provide
13 Upgraded Services within the subsequent six month period, as well as the number of homes
14 passed, or expected to be passed by the Rebuilt System with respect to each of the above
15 areas. A node shall be considered activated when it is used to offer Upgraded Services to
16 any Subscriber on a commercial basis.

17 (c) The Grantee will make diligent efforts to identify a hub location in Rebuild Hub
18 Service Area 5, as identified in Appendix E. The Grantee shall notify the City of the status of
19 these efforts within ((6 months after the Date of the Franchise Amendments)) nine (9) months
20 of the Effective Date of the Rebuild Ordinance. If the Grantee reports that it has been able to
21 identify a hub location within Rebuild Hub Service Area 5, ((and if the Grantee is continuing
22 construction to complete a Rebuilt System,)) the Grantee agrees, at the election of the City by
23 written notice within 30 days after receipt of Grantee's notice, to undertake rebuild
24 construction in Rebuild Hub Service Area 5 prior to undertaking rebuild construction in Rebuild
25 Hub Service Area 4, as these areas are identified in Appendix E.

1 (d) The Grantee shall not deny any services, including any Upgraded Services, to any
2 group of potential Subscribers because of the income of the residents in the local area in
3 which such group resides.

4 (e) The Grantee shall inform Subscribers at least three (3) days prior to any scheduled
5 or expected temporary interruptions to existing services exceeding five minutes during the
6 period of 5:30 a.m. to 1:00 a.m. Pacific Time which may occur due to construction under the
7 Rebuild Ordinance.

8 (f) The Grantee shall not be excused from the timely performance of its obligation to
9 begin and complete construction of the Rebuilt System and provide Comparable Upgraded
10 Services within the times specified herein, except for the following occurrences: (i) *force*
11 *majeure* delays beyond the control of the Grantee including, without limitation, wars, civil
12 disturbance, flood or other Acts of God, laws, regulations, rules or orders of any governmental
13 agency, sabotage, strikes, failure or delay in transportation, labor, provided that Grantee has
14 exercised all due care to prevent the occurrence of such events which are reasonably
15 foreseeable; or (ii) delays beyond the control of the Grantee that the Grantee could not
16 reasonably have anticipated, including delays regarding the availability, shipment and arrival
17 of necessary equipment, cables, electronics or hardware, protracted underground excavation,
18 easement availability, receipt of City permits, compliance with the City's joint trenching
19 requirements, receiving approved pole applications in a timely manner, or any other valid
20 factors that are justified in writing to the City and agreed to by the City. Absent a showing of
21 excusable delay pursuant to subsections (i) and (ii) above, should the Grantee be unable to
22 demonstrate that it has materially complied with the commencement or timely completion of
23 construction of the Rebuilt System within the times specified herein, or be unable to
24 reasonably justify any delays, then the Grantee shall be in violation of a material provision of
25 the Franchise, as amended, and the City may, at its sole discretion, either grant the Grantee

1 an extension of time to complete such construction and/or pursue any remedies available
2 under United States or California law, or provided in the Franchise, as amended.

3 The City's receipt and/or review of a Rebuild Progress Report shall in no way excuse or
4 waive any breach of the Franchise, as amended, or other applicable law.

5 (g) Within ninety (90) days of submission of a Rebuild Progress Report demonstrating that
6 Upgraded Services are available to a majority of homes passed within any Rebuild Hub
7 Service Area, Grantee shall, at its own cost and expense, and under the City's supervision,
8 conduct the following proof-of-performance tests ("Tests") at fifteen (15) Subscriber network
9 distribution locations selected by the City and not disclosed to Grantee until the day of the
10 Tests:

11 1. Visual carrier levels on each activated Channel;

12 2. Aural carrier levels on each activated Channel;

13 3. The calculated difference between the visual and aural carrier levels on each activated
14 Channel;

15 4. Adjacent Channel video difference on activated Channels;

16 5. The difference between the highest video carrier level on any activated Channel and
17 the lowest video carrier level on any activated Channel;

18 6. Carrier-to-noise ratio on 6 Channels selected by City;

19 7. Low frequency distortions on 6 Channels selected by City;

20 8. Intermodulation distortions on 6 Channels selected by City; and

21 9. Expert rating of picture distortions, if any, on all activated Channels.

22 Prior to the Tests, the Grantee shall take the following measurements at its headend,
23 under the City's supervision: (i) video carrier levels and picture quality on all Channels leaving
24 the headend; (ii) audio carrier levels on all Channels leaving the headend; and (iii) FM radio
25 carrier levels, if any. Additionally, prior to the Tests, Grantee shall present the City with copies

1 of current calibration certificates issued by an independent calibration laboratory for all
2 frequency/voltage sensitive equipment that will be used in the Tests.

3 Within ninety (90) days after notification to City by Grantee that it has completed the
4 Rebuild, Grantee shall conduct the Tests under the conditions described above in forty (40)
5 locations selected by the City from the remaining untested Rebuild Hub Service Areas. At
6 that time, Grantee shall also demonstrate to City that the Rebuilt System complies with the
7 FCC signal leakage requirements of 47 CFR Part 76, Subpart K, pursuant to a driving
8 inspection of no less than twenty (20) percent of the Rebuilt System.

9 Grantee shall reimburse the City for the City's reasonable costs to supervise the Tests, not
10 to exceed ten thousand dollars (\$10,000).

11 Section 2. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97
12 is hereby amended by amending Section 32.10 to read as follows:

13 32.10 "Franchise Agreement" and "Franchise" shall mean all the terms of this
14 franchise originally granted by Ordinance Number 105-64, as amended ((, including the
15 Franchise Amendments, and all exhibits and appendices thereto)).

16 Section 3. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97
17 is hereby amended by amending Section 32.18 to read as follows:

18 32.18 "Rebuild" or "Rebuilt System" shall mean replacement, upgrade or enhancement
19 of any portion of the facilities installed by the Grantee ((with)) to achieve a signal transmission
20 capacity at or exceeding ((550))750 MHz.

21 Section 4. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97
22 is hereby amended by adding Sections 31(i) and 31(j) to read as follows:

23 ((i) In the event of an irreconcilable conflict between the provisions of the Rebuild
24 Ordinance and the Franchise as it existed prior to the amendments effected by the Rebuild
25 Ordinance, the provisions and intent of the Rebuild Ordinance shall prevail.



(j) The Rebuilt System shall be constructed to comply with all federal, state, and local requirements, including, but not limited to, the City's Municipal Code and California Public Utilities Commission General Orders 95 and 128, as amended.

Section 5. Ordinance No. 105-64, as amended most recently by Ordinance No. 42-97 is hereby amended by adding Sections 32.22 through 32.24 to read as follows:

32.22 "Effective Date" shall mean the effective date of an enactment of the San Francisco Board of Supervisors approving the Rebuild Ordinance.

32.23 "Rebuild Ordinance" shall mean the Ordinance adopted by the San Francisco Board of Supervisors in Board File No. _____-99-_____.

MAYOR WILLIE L. BROWN, JR.
BOARD OF SUPERVISORS

32.24 "Comparable" shall mean equivalent to features found in three (3) of five (5) Sample Cable Systems at any time between January 1, 1999 and December 31, 2001. The Rebuilt System shall be Comparable to the Sample Cable Systems if it provides substantially equivalent: range of services; fiber-to-the feeder trunk and feeder design architecture; and stand-by powering of the headend, nodes, and the coaxial portion of the system. The Sample Cable Systems shall be selected by the City from a list of all of the cable systems with more than 140,000 subscribers as of the Effective Date that are owned or controlled by AT&T or TCI. Grantee shall provide such a list to City within thirty (30) days of the Effective Date. City shall select five cable systems from the list ("Sample Cable Systems") within ninety (90) days of receipt of the list and shall provide Grantee written notice of its selection.

ACKNOWLEDGED AND AGREED TO BY THE PARTIES:

CITY & COUNTY OF SAN FRANCISCO:

Approved By:

Julia M.C. Friedlander
JULIA M.C. FRIEDLANDER, Director,
Department of Telecommunications and
Information Services

Date: 2/24/99

Approved as to form:

LOUISE H. RENNE, City Attorney

Louise Rene
Deputy City Attorney

Date: 2/24/99

TELEVISION SIGNAL CORPORATION:

John Kopchik
Signature

Name: John Kopchik

Title: Officer-President

Address: 2055 Folsom St.

San Francisco, CA. 94110

Date: 2-19-99

MAYOR WILLIE L. BROWN, JR.
BOARD OF SUPERVISORS

1 EXHIBIT B

2 MUTUAL RELEASE AND WAIVER

3 This Mutual Release by and between Television Signal Corporation and the City and
4 County of San Francisco is dated as of _____, 1999.

5 WHEREAS, Tele-Communications Inc. has owned and/or controlled, directly or
6 indirectly, Television Signal Corporation, grantee of that certain cable television franchise
7 granted by the City and County of San Francisco dated and approved April 22, 1965 pursuant
8 to ordinance number 104-65 as amended from time to time (the "Cable Television
9 Franchise"); and,

10 WHEREAS, AT&T Corp. will acquire control of Tele-Communications, Inc. and its
11 wholly-owned subsidiary, Television Signal Corporation, pursuant to those certain agreements
12 including Agreement and Plan of Restructuring and Merger Among AT&T Corp., Italy Merger
13 Corp. and Tele-Communications, Inc., dated as of June 23, 1998; and,

14 WHEREAS, Television Signal Corporation has agreed to enter into certain
15 amendments to the Cable Television Franchise, which amendments are attached hereto as
16 Exhibit A; and,

17 WHEREAS, Television Signal Corporation has consented to waive and to release the
18 City and County of San Francisco from any claims, liability or obligations arising from or
19 related to the Cable Television Franchise; and,

20 WHEREAS, The City and County of San Francisco has consented to waive and to
21 release Television Signal Corporation from any claims or allegations for any claims, or
22 allegations for any breach or alleged breach solely arising from the obligations imposed by
23 section 6 of the Cable Television Franchise; and,

1 NOW THEREFORE:

2 THE PARTIES TO THIS AGREEMENT DO HEREBY AGREE AS FOLLOWS:

- 3 1. In consideration for the mutual obligations and covenants contained herein, Television
4 Signal Corporation hereby waives and releases the City and County of San Francisco
5 and any of its agents or employees from any liability or obligations arising from the
6 Cable Television Franchise, or the assessment, imposition or collection of any fees or
7 obligations arising from the Cable Television Franchise prior to the date of this Mutual
8 Release.
- 9 2. In consideration for the mutual obligations and covenants contained here and subject
10 to the conditions set forth below, the City and County of San Francisco hereby does
11 waive and release Television Signal Corporation from any claims, demands, liabilities
12 or causes of action solely arising from any breach or alleged breach of the obligations
13 imposed by section 6 of the Cable Television Franchise which act, omission or breach
14 occurred prior to the date of this Mutual Release.
- 15 3. Nothing in this Mutual Release shall affect nor be construed to affect in any way the
16 rights or obligations of any party pursuant to any other law, regulation, contract,
17 agreement or lawful order, or the claims, liabilities, defenses, or causes of action of any
18 party to this Mutual Release arising from any source (including any code, regulation, or
19 order relating to the construction or installation of facilities) other than section 6 of the
20 Cable Television Franchise.
- 21 4. Nothing in this Mutual Release shall affect nor be construed to affect in any way any
22 claim or defense of any party for or based upon any act, omission or breach, or any
23 continuing act, omission or breach, of Television Signal Corporation or its affiliates
24 arising from any source other than section 6 of the Cable Television Franchise, or
25 occurring after the effective date of the ordinance numbered __.99.__ in a file

1 maintained by the Board of Supervisors. This Mutual Release expressly does not
2 affect any claim or defense relating to the lease or sublease to, or use by third-parties
3 of, or continued lease or sublease to or continued use after the date of the Franchise
4 Amendments by third-parties of any of the facilities installed by Television Signal
5 Corporation pursuant to the Cable Television Franchise.

6 5. This Mutual Release expressly shall not affect nor be construed to affect in any way
7 any claim or defense relating to the calculation, assessment, imposition or collection of
8 any past, present or future tax, or the right of any third party with regard to the
9 proceeds of any tax, or the proceeds of any tax refund, reduction, rebate, diminution or
10 change in assessment at any time.

11 6. This Mutual Release shall not be effective unless and until it is executed by all parties
12 hereto, and approved by resolution of the Board of Supervisors of the City and County
13 of San Francisco, and all conditions of such resolution (including the final execution
14 and receipt of the Rebuild Ordinance) are tendered to and received by the Clerk of the
15 Board of Supervisors of the City and County of San Francisco in the form and manner
16 prescribed in such resolution.

17 The parties to this Agreement warrant that they have read and understood this
18 agreement and each of the conditions thereof with the assistance and advice of counsel, and
19 that by signing hereinbelow do undertake to accept and undertake the obligations and rights
20 set forth herein.



1 Approved by resolution of the Board of Supervisors
2 of the City and County of San Francisco
3 on this date, _____, 1999.
4
5

6 _____
Clerk of the Board of Supervisors

7 TELEVISION SIGNAL CORPORATION
8

9 _____
Signature

10 Name: John Kopchik

11 Title: Officer-President
12

13 APPROVED AS TO FORM:

14 LOUISE H. RENNE, City Attorney
15

16
17 By:

18 
19 Deputy City Attorney
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25

MAYOR WILLIE L. BROWN, JR.
BOARD OF SUPERVISORS

[Non-Discriminatory Access For Cable Modem Platforms]

URGING THE SAN FRANCISCO CITY ATTORNEY AND THE DEPARTMENT OF TELECOMMUNICATIONS AND INFORMATION SERVICES TO TAKE ALL POSSIBLE ACTION TO ENSURE THAT CONGRESS AND/OR THE FEDERAL COMMUNICATIONS COMMISSION ADOPT POLICIES ENSURING NON-DISCRIMINATORY ACCESS TO THE CABLE MODEM PLATFORM.

WHEREAS, The Internet is an increasingly important method of communication in our society, and services provided over the Internet constitute a rapidly growing sector of the economy; and,

WHEREAS, The continued growth of the Internet depends on the development of high speed broadband networks; and,

WHEREAS, The use of cable modems operating over broadband networks is one of the most promising methods for providing high speed access to the Internet; and,

WHEREAS, Tele-Communications Inc. ("TCI"), with 14 million subscribers, is one of the largest cable operators in the country; and,

WHEREAS, TCI has stated that it plans to offer high-speed cable modem services to its subscribers in San Francisco after it rebuilds the San Francisco cable system; and,

WHEREAS, TCI currently requires that any customer who subscribes to its high-speed cable modem service must also purchase Internet access from the @home Corporation, a corporation that is affiliated with TCI, and that will be largely owned by AT&T Corp. ("AT&T"); and,

WHEREAS, A TCI customer who wants to use another Internet service provider ("ISP") to gain access to the Internet using a cable modem would have to pay for both the @home service and for the other ISP service; and,

1 WHEREAS, Pursuant to certain agreements, AT&T will acquire TCI, and TCI will
2 become a wholly-owned subsidiary of AT&T; and,

3 WHEREAS, AT&T has stated that it intends to continue TCI's requirement that
4 subscribers to the high-speed cable modem service must also pay for the @ Home service;
5 and,

6 WHEREAS, Other ISPs and consumer advocates have protested that this requirement
7 by AT&T/TCI would undermine consumer choice, and restrict competition and diversity on the
8 Internet; and,

9 WHEREAS, Other on-line providers have protested that this requirement by AT&T/TCI
10 would allow it to control standards on the Internet for video transmission; and,

11 WHEREAS, The regulatory framework that governs the cable modem platform will
12 likely affect competition and diversity among providers of Internet and other on-line services,
13 and the availability of a broad range of services to the general public; and,

14 WHEREAS, Congress has mandated in Section 706 of the Telecommunications Act of
15 1996 that the Federal Communications Commission ("FCC") and State Commissions shall
16 encourage the deployment of advanced telecommunications capability to all Americans; and,

17 WHEREAS, the FCC has instituted proceedings to address the deployment of
18 advanced telecommunications capability to all Americans in a reasonable and timely manner,
19 and stated that it will monitor broadband deployment closely; and,

20 WHEREAS, The City and County of San Francisco wants to ensure the availability of
21 competitive and diverse services over high speed broadband networks and encourage the
22 economic development of local on-line businesses such as Internet service providers; now,
23 therefore, be it

24 RESOLVED, That the San Francisco Board of Supervisors urges the San Francisco
25 City Attorney and the Department of Telecommunications and Information Services to take all

possible action to ensure that Congress and/or the Federal Communications Commission adopt policies ensuring non-discriminatory access to the cable modem platform for providers of Internet and other on-line services.

DEPARTMENT OF TELECOMMUNICATIONS & INFORMATION SERVICES

City & County of San Francisco

RESOLUTION NO. 98-012

1 URGING THE BOARD OF SUPERVISORS TO APPROVE THE PROPOSED
2 RESOLUTION IN BOARD OF SUPERVISOR'S FILE NO. 99-0455 THAT URGES THE
3 CITY ATTORNEY AND DTIS TO TAKE ALL POSSIBLE ACTION TO ENSURE THAT
4 CONGRESS AND/OR THE FEDERAL COMMUNICATIONS COMMISSION ADOPT
5 POLICIES ENSURING NON-DISCRIMINATORY ACCESS TO THE CABLE MODEM
6 PLATFORM.

7 WHEREAS cable networks are one of the most promising mediums for ensuring
8 that citizens have access to advanced communications capability, supporting services
9 such as high-speed Internet access, video streaming, and Internet telephony; and

10 WHEREAS AT&T and TCI have agreed to complete a rebuild of the San
11 Francisco cable system within four years of the effective date of proposed Ordinance in
12 Board of Supervisor File No. 990376; and

13 WHEREAS, AT&T and TCI have stated that they plan to offer high-speed cable
14 modem services to their subscribers in San Francisco after they rebuild the San
15 Francisco cable system; and

16 WHEREAS AT&T and TCI have stated that they intend to continue TCI's
17 requirement that any customer who subscribes to its high-speed cable modem service
18 must also purchase Internet access from the @Home Corporation, and

19 WHEREAS any TCI customer who wants to use another Internet service
20 provider to gain access to the Internet using TCI's high-speed Internet service must pay
21 for both services; and

22 WHEREAS San Francisco is home to numerous small Internet Service Provider
23 companies who could be driven from the marketplace by AT&T/TCI's exclusive
24 arrangements with @Home; and

DEPARTMENT OF TELECOMMUNICATIONS & INFORMATION SERVICES

City & County of San Francisco

RESOLUTION NO. 98-012

WHEREAS the Telecommunications Commission wants to ensure that service over broadband networks remain competitive and diverse, and believes that this issue is of national importance since it affects thousands of cities across the nation with cable systems that have exclusive arrangements with @Home; and

WHEREAS the Telecommunications Commission believes that other providers of high-speed broadband networks may also impose such exclusive arrangements on their subscribers; now, therefore be it

RESOLVED that the Telecommunications Commission urges the San Francisco Board of Supervisors to approve the proposed resolution in Board of Supervisors File No. 99-0455 that urges the City Attorney and DTIS to take all possible action to ensure that Congress and/or the FCC adopt policies ensuring non-discriminatory access to the cable modem platform for providers of Internet and other on-line services and to amend the proposed resolution to apply to high-speed cable and other broadband networks.

Approved by the Telecommunications Commission:

Ayes: 3 – Jackson, Engel, Masaoka.

Nays: None.

The Commission voted to excuse the following Commissioners from voting on this resolution: Ellington, Lira.

I hereby certify that the foregoing resolution was approved by the San Francisco Telecommunications Commission.

3.22.99

Date Approved

K. B. Weisman
Kim B. Weisman, Commission Secretary

PUBLIC ACCESS CHANNEL

SHORT-TERM GOAL:

To transfer all or part of public access operations from TCI to SFCTC, as resources will allow, and to ensure that the current level of public access services provided at TCI is met or exceeded.

LONG-TERM GOAL:

To locate the Public Access Channel to a new production facility to be constructed in Brooks Hall.

OBSTACLES TO DATE:

- Lack of a facility adequate to house such services
- Lack of a proposed budget within available funding limitations

PUBLIC ACCESS CHANNEL SERVICES:

To complete transfer of Public Access to SFCTC requires a site suitable for providing seven key services:

1. Provide Management of the Channel
2. Manage a Community Outreach Program
3. Maintain and Operate a Television Production Studio and Control Room
4. Maintain and Operate Editing Suites
5. Provide Training Programs
6. Manage Field Production Equipment Lending
7. Maintain and Operate Playback

TRANSFER OF PUBLIC ACCESS FROM TCI TO SFCTC:

At this time, we are pleased to report that we have located and secured space suitable for providing Public Access "pre and post production services" at 25 Van Ness. Items one through five of the seven key services can be provided at this site. 25 Van Ness is in a City building and the rent is reasonable. As soon as the current tenant moves out, modest tenant improvements will be made and SFCTC will be able to take occupancy of this space.

PRODUCTION & PLAYBACK:

There are basically two functions that still need to be located. They are Studio Productions and the Playback operation. These functions are currently performed at TCI's Studio located at 1855 Folsom Street.

Other Resources:

1. 25 Van Ness:
 - We are determining the feasibility of using 25 Van Ness to house Playback, a Mini Production Studio, and/or a Flash Studio. Most Public Access studio productions produced at TCI today could be accommodated with this type of

facility. However, space constraints (low ceilings and an office setting), at best, would not accommodate approximately 15 to 20 large shows, which are currently produced on a monthly basis at the TCI facility.

2. Main Library and War Memorial:

- If necessary, it may be possible to locate Playback either at the Main Library or at War Memorial. However, ideally, Playback should be located at 25 Van Ness or with production at a second location, so as not to create a possible second or even third site to maintain.

3. Mobile Production Van:

- We are researching the feasibility of whether the mobile production van could also be used to enable a limited number of large productions to be produced off-site, that could not otherwise be accommodated at the 25 Van Ness site.
- We have contacted a number of consultants and vendors who specialize in the design and procurement of new and used mobile production vans. We have received several proposals and are expecting more. We are working closely with CTC and Citywatch staff in this effort. We are focusing on one proposal in particular that offers a fully equipped production van at approximately \$250,000. This proposal is on the agenda for this Thursday's working group session.

NOTICE
REGULAR MEETING OF THE
TELECOMMUNICATIONS COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Monday, April 26, 1999, 5:30 PM
City Hall
1 Dr. Carlton B. Goodlett Place, Room 400

AGENDA

1) CALL TO ORDER AND ROLL CALL

E. David Ellington, President
Ernest Jackson, Vice President
Commissioner Bonnie Engel
Commissioner John Lira
Commissioner Jan Masaoka

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2) APPROVAL OF THE MINUTES

- Adoption of the Minutes of March 22, 1999 meeting of the Telecommunications Commission.
- a) Comment
- b) Public Testimony

3) COMMUNICATIONS

- See attached description of correspondence.
- a) Comment
- b) Public Testimony

4) DIRECTOR'S REPORT

- a) Comment
- b) Public Testimony

5) OLD BUSINESS

- a) Telecommunications Plan
 - i) Comment
 - ii) Public Testimony
- b) Public Access Working Group Report
 - i) Comment
 - ii) Public Testimony
- c) Public Access Programming (Action Item)
 - Proposed Resolution

ASKING THE BOARD OF SUPERVISORS TO CONSIDER WHETHER THE SAN FRANCISCO COMMUNITY TELEVISION CORPORATION'S (SFCTC) CONTRACT SHOULD AUTHORIZE THE CORPORATION TO AIR PUBLIC ACCESS PROGRAMMING ON CHANNEL 53, 24 HOURS A DAY, EVEN IF THIS WOULD DISPLACE *KALEIDOSCOPE* AND THE *CALIFORNIA CHANNEL*.

- i) Comment
- ii) Public Testimony

6) CALENDAR MATTERS

- Special Meeting of the Telecommunications Commission (Action Item)

Commissioners to consider a special Telecommunications Commission meeting to hear public testimony regarding the production needs of Public Access producers and other potential users of Public Access services.

- a) Comment
- b) Public Testimony

7) PUBLIC COMMENT

8) ADJOURNMENT

COMMUNICATIONS RECEIVED March 13, 1999 – April 20, 1999

1. Communication dated March 30, 1999, from Richard Esposto, Executive Director, Sacramento Metropolitan Cable Television Commission, regarding competitive infrastructure;
2. Information from the Board of Supervisors regarding Proposition B;
3. Copies of the City Controller's written survey and DTIS' phone survey, with questions specific to telecommunications issues; and
4. Letter from Doug Schulz, Area Director, TCI, dated March 26, 1999, addressed to Julia Friedlander, Acting Director, DTIS, regarding changes in TCI's digital cable programming.

SUNSHINE ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the peoples' review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-6083.

DISABILITY ACCESS

The San Francisco City Hall is wheelchair accessible. Accessible seating for persons with disabilities, including those using wheelchairs, is available.

The closest accessible BART station is the Civic Center station, located at the intersection of Grove, Hyde, and Market Streets.

Accessible MUNI bus lines serving City Hall are the 19 Polk, 42 Downtown Loop, 9 San Bruno, and the 7 Haight/Noriega. Accessible MUNI lines are the J, K, L, and M. Disabled parking is available at designated points along Van Ness, McAllister, Grove, and Polk streets.

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American Sign Language interpreters, sound enhancement devices, information in alternative format and/or Stenocaptioning will be available upon request.

Please make your request for reasonable accommodations at least 72 hours in advance of any public meeting or hearing.

DEPARTMENT OF TELECOMMUNICATIONS & INFORMATION SERVICES

City & County of San Francisco

RESOLUTION NO. 99-011

1 URGING THE BOARD OF SUPERVISORS TO APPROVE THE PROPOSED
2 RESOLUTION IN BOARD OF SUPERVISOR'S FILE NO. 99-0375 APPROVING THE
3 TRANSFER OF CONTROL OVER THE CABLE FRANCHISE AND THE PROPOSED
4 ORDINANCE IN BOARD OF SUPERVISORS FILE NO. 99-0376 AMENDING THE
5 CABLE FRANCHISE TO REQUIRE A REBUILD OF THE SAN FRANCISCO CABLE
6 SYSTEM.

7 WHEREAS in 1998, AT&T and TCI announced that the companies had reached
8 an agreement to merge, pending the receipt of approval from many regulatory agencies
9 and from the companies' stockholders; and

10 WHEREAS AT&T stated that it was interested in merging with TCI because of
11 AT&T's desire to acquire local network facilities over which it could provide local
12 telephone service in TCI franchise areas; and

13 WHEREAS TCI has stated that it was interested in merging with AT&T because
14 AT&T would provide TCI with capital it needs to upgrade its network infrastructure in
15 many of its franchise areas; and

16 WHEREAS AT&T/TCI have stated that the merged company plans to use rebuilt
17 cable television networks to provide local and long distance telephone services, high
18 speed Internet access services and multi-channel video services (cable television) to
19 subscriber homes over a single coaxial cable; and

20 WHEREAS AT&T has stated that it will allocate 1.8 billion dollars in capital
21 funding to upgrade TCI cable systems as a result of the merger and the City needs to
22 ensure that some of that funding is spent to rebuild San Francisco's cable system
23 because even 1.8 billion dollars will not be sufficient to rebuild all of TCI's cable
24 systems; and

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APR 26 1999

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DEPARTMENT OF TELECOMMUNICATIONS & INFORMATION SERVICES

City & County of San Francisco

RESOLUTION NO. 99-011

1 WHEREAS the recent study commissioned by DTIS as part of the City's
2 Telecommunications Plan entitled "A Survey of Telecommunications Service Providers
3 Doing Business in San Francisco" found that an abundance of telecommunications
4 service providers offer competitive services to San Francisco's mid and large size
5 businesses but no competition exists for residential telephone consumers; and

6 WHEREAS the same study also found that the AT&T/TCI merger represents the
7 most significant opportunity for all San Francisco residential neighborhoods to benefit
8 from a competitive telecommunications market; and

9 WHEREAS the FCC has concluded that data can be transmitted faster over
10 cable infrastructure (a broadband network) than over telephone network infrastructure,
11 even where DSL technology is employed; and

12 WHEREAS an upgraded cable television network thus offers the best hope for
13 San Francisco residents to receive all the services that are likely to be available through
14 high speed Internet access; and

15 WHEREAS all San Francisco consumers should have a choice of local
16 telephone service providers, should receive the benefits of high speed Internet access,
17 and should have access to more video channels that can only be provided over a rebuilt
18 cable system; and

19 WHEREAS TCI began to upgrade the San Francisco cable system in 1996 but
20 made a business decision to abandon its rebuild project in San Francisco; and

21 WHEREAS the City negotiated proposed franchise amendments that would
22 require TCI to upgrade the San Francisco cable system within four years to a system
23 that must: (1) have a minimum bandwidth of 750MHz; (2) provide activated two-way
24 capability; (3) be comparable to systems constructed in 3 of 5 similarly situated cities

DEPARTMENT OF TELECOMMUNICATIONS & INFORMATION SERVICES

City & County of San Francisco

RESOLUTION NO. 99-011

selected by the City in terms of the range of services offered and in terms of technical criteria; and (4) meet proof of performance tests conducted under the City's supervisions to ensure that the signal delivered to customers meets all applicable technical standards; and

WHEREAS the Telecommunications Commission believes that adoption of the franchise amendments requiring TCI to rebuild the San Francisco cable system is in the best interest of the people of San Francisco; now, therefore be it

RESOLVED that the Telecommunications Commission urges the Board of Supervisors to approve the proposed resolution in Board of Supervisor's File No. 99-0375 approving the transfer of control over the Cable Franchise and the proposed ordinance in Board of Supervisors File No. 99-0376 amending the Cable Franchise to require a rebuild of the San Francisco cable system.

Approved by the Telecommunications Commission:

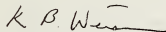
Ayes: 4 – Ellington, Jackson, Engel, Masaoka.

Nays: None.

The Commission voted to excuse the following Commissioner from voting on this resolution: Lira.

I hereby certify that the foregoing resolution was approved by the San Francisco Telecommunications Commission.

3.22.99



Date Approved

Kim B. Weisman, Commission Secretary

DEPARTMENT OF TELECOMMUNICATIONS & INFORMATION SERVICES

City & County of San Francisco

RESOLUTION NO. 99-012

WHEREAS the Telecommunications Commission wants to ensure that service over broadband networks remain competitive and diverse, and believes that this issue is of national importance since it affects thousands of cities across the nation with cable systems that have exclusive arrangements with @Home; and

WHEREAS the Telecommunications Commission believes that other providers of high-speed broadband networks may also impose such exclusive arrangements on their subscribers; now, therefore be it

RESOLVED that the Telecommunications Commission urges the San Francisco Board of Supervisors to approve the proposed resolution in Board of Supervisors File No. 99-0455 that urges the City Attorney and DTIS to take all possible action to ensure that Congress and/or the FCC adopt policies ensuring non-discriminatory access to the cable modem platform for providers of Internet and other on-line services and to amend the proposed resolution to apply to high-speed cable and other broadband networks.

Approved by the Telecommunications Commission:

Ayes: 3 – Jackson, Engel, Masaoka.

Nays: None.

The Commission voted to excuse the following Commissioners from voting on this resolution: Ellington, Lira.

I hereby certify that the foregoing resolution was approved by the San Francisco Telecommunications Commission.

3.22.99

Date Approved

Kim B. Weisman

Kim B. Weisman, Commission Secretary

DEPARTMENT OF TELECOMMUNICATIONS & INFORMATION SERVICES

City & County of San Francisco

RESOLUTION NO. 99-012

1 URGING THE BOARD OF SUPERVISORS TO APPROVE THE PROPOSED
2 RESOLUTION IN BOARD OF SUPERVISOR'S FILE NO. 99-0455 THAT URGES THE
3 CITY ATTORNEY AND DTIS TO TAKE ALL POSSIBLE ACTION TO ENSURE THAT
4 CONGRESS AND/OR THE FEDERAL COMMUNICATIONS COMMISSION ADOPT
5 POLICIES ENSURING NON-DISCRIMINATORY ACCESS TO THE CABLE MODEM
6 PLATFORM.

7 WHEREAS cable networks are one of the most promising mediums for ensuring
8 that citizens have access to advanced communications capability, supporting services
9 such as high-speed Internet access, video streaming, and Internet telephony; and

10 WHEREAS AT&T and TCI have agreed to complete a rebuild of the San
11 Francisco cable system within four years of the effective date of proposed Ordinance in
12 Board of Supervisor File No. 990376; and

13 WHEREAS, AT&T and TCI have stated that they plan to offer high-speed cable
14 modem services to their subscribers in San Francisco after they rebuild the San
15 Francisco cable system; and

16 WHEREAS AT&T and TCI have stated that they intend to continue TCI's
17 requirement that any customer who subscribes to its high-speed cable modem service
18 must also purchase Internet access from the @Home Corporation, and

19 WHEREAS any TCI customer who wants to use another Internet service
20 provider to gain access to the Internet using TCI's high-speed Internet service must pay
21 for both services; and

22 WHEREAS San Francisco is home to numerous small Internet Service Provider
23 companies who could be driven from the marketplace by AT&T/TCI's exclusive
24 arrangements with @Home; and

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TELECOMMUNICATIONS COMMISSION

City & County of San Francisco

PROPOSED RESOLUTION NO. 99-013

ASKING THE BOARD OF SUPERVISORS TO CONSIDER WHETHER THE SAN FRANCISCO COMMUNITY TELEVISION CORPORATION'S (SFCTC) CONTRACT SHOULD AUTHORIZE THE CORPORATION TO AIR PUBLIC ACCESS PROGRAMMING ON CHANNEL 53, 24 HOURS A DAY, EVEN IF THIS WOULD DISPLACE *KALEIDOSCOPE* AND THE *CALIFORNIA CHANNEL*.

WHEREAS, the San Francisco Cable Television Franchise gives the City three cable access television channels and these channels are currently devoted to: Public Access (Channel 53), Educational Access (Channel 52) and Governmental Access (Channel 54), otherwise known as the PEG channels; and

WHEREAS, the Public Access channel, which is currently managed by Telecommunications Incorporated (TCI), creates an opportunity for individual residents, amateur producers, and community organizations to produce and/or air programs on any topic on cable television Channel 53; and

WHEREAS, the City has authorized the San Francisco Unified School District (SFUSD) and the Community College of San Francisco District (CCSF) to cooperatively manage and operate the Educational channel which airs telecourses; CCSF Board of Trustees meetings, campus news shows and other educational programming on cable television Channel 52; and

WHEREAS, the Government channel currently airs programming regarding City business and services, including live cablecasts of the Board of Supervisors meetings and various committee and commission meetings on Citywatch, cable television Channel 54; and

WHEREAS, between the hours of 5:30 a.m. and 3:30 p.m., Monday through Friday, the Public Access Channel 53 currently carries non-Public Access programming, which includes: *Kaleidoscope*, a commercial program which is geared towards issues involving persons with disabilities, and is aired between the hours of 5:30 a.m. to 8:30 a.m.; and the *California Channel*, a governmental program, which primarily provides live cablecasting of the California State Legislature meetings, and is aired between the hours of 9:00 a.m. and 3:30 p.m.; and

WHEREAS, Section 27.3 of the San Francisco cable television franchise provides for the transfer of management of the Public Access channel to a non-profit organization, designated by the Board of Supervisors; and

WHEREAS, the Board of Supervisors has designated SFCTC as the non-profit corporation to manage the Public Access television channel; and

WHEREAS, the Department of Telecommunications and Information Services (DTIS) and the Telecommunications Commission expect that

TELECOMMUNICATIONS COMMISSION

City & County of San Francisco

PROPOSED RESOLUTION NO. 99-013

management of the Public Access channel will be transferred from TCI to the SFCTC in the near future, and DTIS and the Commission are working on a recommended budget to provide funding to the SFCTC for these purposes; and

WHEREAS, the SFCTC wishes to offer Public Access programming on Channel 53, 24 hours a day, which would displace *Kaleidoscope* and the *California Channel*; and

WHEREAS, both *Kaleidoscope* and the *California Channel* provide programming which may be of interest to citizens of the City and County of San Francisco; and

WHEREAS, TCI has indicated that they do not intend to provide a slot for *Kaleidoscope* or the *California Channel* on any of its commercial cable channels and the City has no authority to require TCI to move this programming to another channel; and

WHEREAS, offering Public Access programming on Channel 53, 24 hours a day, could result in *Kaleidoscope* and the *California Channel* programming becoming unavailable to San Francisco residents; and

WHEREAS, because both the Board of Supervisors meetings and the California Legislature meetings are cablecast live and are both held during regular business hours, it is not feasible to carry California Channel programming on the Government channel without displacing live coverage of the Board of Supervisors meetings; and

WHEREAS, the SFUSD and the CCSF have indicated that they prefer not to carry *Kaleidoscope* or the *California Channel* on the Education channel; and

WHEREAS, the Commission is reviewing operating budgets proposed by the SFCTC to advance to the Mayor and the Board of Supervisors; and

WHEREAS, the SFCTC's proposed operating budget exceeds funds available from grants provided by TCI and the Commission may recommend that the Mayor and the Board of Supervisors appropriate additional funds for Public Access; and

WHEREAS, the amount of the Public Access operating budget and any general fund subsidy that may be recommended will, in some part, depend upon the number of programming hours provided on a daily basis; and

WHEREAS, *Kaleidoscope* and the *California Channel* programming would be displaced if SFCTC were to air Public Access programming 24 hours a day on Channel 53; now, therefore be it

TELECOMMUNICATIONS COMMISSION

City & County of San Francisco

PROPOSED RESOLUTION NO. 99-013

RESOLVED, that the Telecommunications Commission and DTIS ask the Board of Supervisors to consider whether the SFCTC's contract should authorize the corporation to air Public Access programming on Channel 53, 24 hours a day, even if this would displace *Kaleidoscope* and the *California Channel*.

Approved by the Telecommunications Commission:

Ayes: _____ Nays: _____

I hereby certify that the foregoing resolution was approved by the San Francisco Telecommunications Commission.

Date Approved

Kim B. Weisman, Commission Secretary

SF
30
2
4/26/99

**TELECOMMUNICATIONS COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

MINUTES*

**MONDAY, APRIL 26, 1999
CITY HALL**

ROOM 400

**REGULAR MEETING
5:30 P.M.**

COMMISSIONERS

**E. David Ellington, President
Ernest Jackson, Vice President
Bonnie Engel
John Lira
Jan Masaoka**

**Julia M. C. Friedlander
ACTING DIRECTOR, DEPARTMENT OF TELECOMMUNICATIONS
AND INFORMATION SERVICES**

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* Subject to the approval of the Telecommunications Commission

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Order of Business

1. Call to Order and Roll Call

The meeting was called to order by President E. David Ellington at 5:43 P.M.

President Ellington called roll call for the Commission.

Present: E. David Ellington, President
Ernest Jackson, Vice President
Bonnie Engel, Commissioner
John Lira, Commissioner
Jan Masaoka, Commissioner

2. Approval of the Minutes of March 22, 1999

Commissioner Masaoka made a motion, seconded by Commissioner Engel, to adopt the minutes of March 22, 1999. The Commission moved to adopt the minutes with five ayes [Ellington, Jackson, Engel, Lira, Masaoka], none opposed.

- Comment: None.
- Public Testimony: None.

3. Communications

- Comment: None.
- Public Testimony: None.

4. Director's Report

- Acting Director Julia Friedlander relayed some of the department's accomplishments on key priority projects since the last Commission meeting.

a) Staff Introductions

Ms. Friedlander introduced new members of the Department of Telecommunications and Information Services (DTIS) staff: Brian Roberts, Senior Regulatory and Policy Analyst; Heidi Sieck-Williamson, Regulatory and Policy Analyst; and Millie Aranda, Executive Secretary to the Policy, Planning & Compliance and Networking Divisions and Assistant to the Telecommunications Commission.

b) Merger Legislation – AT&T/TCI Merger

On April 20, the Board of Supervisors Public Utilities Deregulation and Competition Committee, consisting of Supervisors Ammiano, Yee and

Becerril, considered the Mayor's legislation approving the transfer of control over the San Francisco cable system from TCI to AT&T and a resolution urging AT&T to rebuild the San Francisco cable system within the next four years.

DTIS, at the request of Supervisor Ammiano, will be negotiating with AT&T/TCI on the following points: a rate freeze or rollback until the rebuild is completed; additional funding for the PEG channels, especially to provide live cablecasting ability from the mobile production van; a requirement that any agreement AT&T/TCI enters into with another jurisdiction regarding open access to the cable modem platform apply in San Francisco; a provision requiring free high speed Internet access to San Francisco libraries; a provision requiring Board approval of any extension of the time required for rebuild; and, a neutrality and card check provision governing AT&T/TCI's San Francisco-based employees.

c) 911 Project

DTIS staff, from several divisions, have provided many services to the 911 project as it installs the equipment, hardware and software that will support the City's new 911 system. This month, it was decided that DTIS will be responsible for providing ongoing technical support for the new 911 system when it becomes operational. DTIS expects to add as many as 25 new positions in the next fiscal year.

d) Year 2000 Project Management Office (Y2K PMO)

The Y2K PMO has finalized the Embedded Systems Toolkit, which is a reference guide available to all City departments over the City's Intranet. The PMO conducted reviews of the embedded system inventories prepared by three City departments. The PMO will be conducting training on embedded systems for the Fire Department this week. A centralized assessment and reporting tool has been installed, a manual for that system has been prepared, staff from 12 departments have been trained, and the tool has been installed in 80% of the user departments.

e) Citywatch

Citywatch provided live coverage of the Mayor's Summit for Women. In addition, the staff produced two 20 minute programs to cablecast during the breaks, one of which was a panel discussion on opportunities for women in the telecommunications industry.

f) "Take Our Daughters To Work" Day

DTIS participated in the annual "Take Our Daughters to Work day on Thursday, April 22, which is sponsored by the Mayor's Office, the Commission on the Status of Women, Junior Achievement of the Bay Area and the Ms. Foundation. DTIS toured 36 girls through the Citywatch facilities at City Hall and a computer class at the DTIS Technology Learning Center.

g) Network Engineering Division

Staff from the Network Engineering Division conducted a successful proof of concept test to use RealAudio and RealVideo to distribute Board of Supervisors and Commission meetings over the City's Intranet. This will enable City Department staff to listen and view Board and Commission proceedings from their offices on their desktop computers, and will replace a speaker system that was previously used.

- Comment

Commissioner Masaoka asked about the timeline for the AT&T/TCI legislation. Ms. Friedlander informed her that DTIS would be appearing before the committee on May 4, and after that, the legislation would go before the Board for a vote.

Commissioner Lira commended the DTIS staff on their presentation in front of the committee and requested that the Commissioners be notified in the future when hearings of this nature are held. He asked DTIS to try to negotiate a Tate freeze, which Ms. Friedlander agreed would be discussed.

- Public Testimony: None.

5. Old Business

A. Telecommunications Plan

Deputy Director Denise Brady discussed the timeline for the phone and residential surveys. The target date of June 30, 1999 for completing the Telecommunications Plan has been extended, due to more formidable tasks than realized at the time the original date was set, and the scope has been significantly expanded.

There has been a Request for Proposal (RFP) prepared for the City's needs assessment and it is awaiting internal review and discussion. The supply side analysis was completed in November and December, 1998, and the demand side analysis is currently being conducted. The phone survey is completed and the data is being forwarded to the Media Connections Group (MCG) for analysis, which will be completed in four weeks. The residential surveys are also complete

and are being analyzed by the City Controller's team. A comparison analysis of the two surveys will be conducted by MCG. DTIS is currently negotiating contracts for ten one-on-one interviews. Ten focus group interviews will be conducted for the business needs assessment, with a report due in late June, 1999.

- Comment

Commissioner Engel asked for information on the public response. Ms. Brady stated that it was too early for complete analysis, but that the City does appear to have very sophisticated users of telecommunication services.

Commissioner Masaoka asked about the number of completed surveys. Ms. Brady stated that there were 535 completed phone surveys conducted and would provide the number of written surveys received back. Commissioner Masaoka stated her desire to be a part of the planning for the data collection. Ms. Brady welcomed her input and that of any additional Commissioner who would like to participate. Commissioner Masaoka inquired if the Board of Supervisors is expecting the telecommunications plan to be completed on July 1, 1999. Ms. Brady stated that they are not, and when a date has been agreed upon for completion, she will ask the Board to calendar the amendment.

Commissioner Engel asked for follow-up on the letter from SPUR (See March 22, 1999 agenda, Communications, Item #3). Ms. Brady discussed the meeting with SPUR, which was attended by Commissioner Masaoka. Commissioner Engel requested a copy of the guiding principles that were developed at the Treasure Island meeting on December 6, 1997. Ms. Brady stated that the information would be provided, as well as posted on the Commission web site.

President Ellington requested information on how the new staff members responsibilities will relate to work on the telecommunications plan. Ms. Brady stated that she would provide that information at the next Commission meeting.

- Public Testimony: None.

B. Public Access Working Group Report

Ms. Friedlander gave an overview of the Public Access working group. Ms. Brady gave the Public Access working group status update. A report was given jointly by DTIS and the SFCTC to the Public Utilities Deregulation and Competition Committee on April 20, 1999. The report discussed service levels, budgets, potential sites for the interim location for Public Access and the contract deliverables from TCI. A decision has been made to use a combination of sites by using two suites at 25 Van Ness and the existing TCI Public Access studio at 1855 Folsom Street. If the available funds cannot cover the interim expenses,

the Public Access working group may recommend an enhancement to the budget. Ms. Brady will put a place holder in the budget process. Ms. Brady stated that the PA working group, which includes Commissioners Jackson and Engel, Ms. Friedlander, Ms. Brady, Priscilla Watts, producer of Citywatch and the San Francisco Community Television Corporation's (SFCTC) CEO Zane Blaney and Business Manager, Aaron Vinck, unanimously decided to put decisions regarding the production van on hold. Discussions will resume immediately after the transition of management of Public Access from TCI to the SFCTC is implemented. The Committee of the Board was supportive of the decision, but have requested that the van be purchased and functioning out in the community as soon as possible.

- Comment

Commissioner Lira commented on the change in focus of priority of obtaining a van and asked about costs associated with off-site production. Ms. Brady answered that all off-site equipment is rented, and there are no live feeds due to a lack of upsite locations in the community. Currently DTIS is absorbing all costs, but expects to purchase the equipment being rented soon after July 1, 1999 and has sent a budget enhancement to the Board to request coverage of the cost of salaries and rental equipment.

Commissioner Jackson commended the hard work of the PA working group.

- Public Testimony

Wayne McIntosh, Public Access producer, asked if commercial grants had been considered and stated his dislike of splitting locations for production.

In response to Mr. McIntosh's public testimony, Ms. Brady stated that DTIS encourages the SFCTC to seek additional outside funding and reassured him that the split locations are only an interim solution for Public Access.

C. Public Access Programming

- Amended Resolution 99-013
(See attached final Resolution 99-013)

ASKING THE BOARD OF SUPERVISORS TO CONSIDER WHETHER THE SAN FRANCISCO COMMUNITY TELEVISION CORPORATION'S (SFCTC) CONTRACT SHOULD AUTHORIZE THE CORPORATION TO AIR PUBLIC ACCESS PROGRAMMING ON CHANNEL 53, 24 HOURS A DAY, EVEN IF THIS WOULD DISPLACE KALEIDOSCOPE AND THE CALIFORNIA CHANNEL.

- Comment

A discussion to further clarify the resolution was held amongst the Commissioners and with Ms. Friedlander. President Ellington asked Mr. Blaney to speak about the 24 hour a day programming request made by the Public Access channel.

At the request of the Commission, Ms. Friedlander suggested amending the resolution to clarify that the board could relocate *Kaleidoscope* and/or the *California Channel* programming to Channel 52 or Channel 54 in order to accommodate 24 hour Public Access programming on Channel 53.

The Commission moved [Lira; seconded by Engel] to accept the amendment to the resolution with five ayes [Ellington, Jackson, Engel, Lira and Masaoka], none opposed.

The Commission moved [Engel; seconded by Jackson] to accept the amended resolution with four ayes [Ellington, Jackson, Engel, Lira], one abstention [Masaoka], none opposed.

- Public Testimony

Cheryl Fabio-Bradford, Manager, Educational Access, Channel 52, informed the Commission that telecourses are scheduled a year in advance and programming is scheduled 24 hours a day, and therefore it would be difficult for them to fit *Kaleidoscope* or the *California Channel* programming into their current schedule.

Mike Freeman stated that he felt the proposed resolution was not appropriate at this time and that repeated airing of shows helps producers reach a reasonable audience. He suggested taping the *California Channel* and time shifting it to the Government channel for a later viewing time.

Wayne McIntosh, Public Access producer, stated that there is a need for 24 hour Public Access programming because he has been waiting for several months to get a time slot for his 13-week show.

David Miles, Public Access producer, stated that he was concerned about the future of Public Access, and that he feels a need to move forward and give Public Access its due.

6. Calendar Matters

The Commissioners considered a special Telecommunications Commission meeting to hear public testimony regarding the production needs of Public Access producers and other potential users of Public Access services. The Commission Secretary will organize a special meeting to be scheduled the second or third week in May, 1999 and will notify the public as soon as the date and time are finalized.

- Comment

When asked by President Ellington about the purpose of this meeting, Ms. Friedlander responded that DTIS and the Commission want to hear from Public Access producers to get their feedback on the interim options for Public Access that have been developed by the Public Access working group.

Ms. Brady suggested that producers who cannot attend the meeting send in their written comments via U.S. mail to DTIS or email through the Commission web site, for review by DTIS and the Commission.

- Public Testimony

David Miles, Public Access Producer, stated that he thought the special meeting was fantastic, but wants to make sure that there is action taken after the meeting.

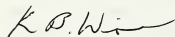
7. Public Comment

Joaquin Turner, Community Peace Initiative (CPI), read a letter to the Commission on behalf of Ray Balberan, Public Access Producer.

8. Adjournment

President E. David Ellington adjourned the meeting at approximately 7:30 p.m.

Respectfully submitted,



Kim B. Weisman
Commission Secretary

DEPARTMENT OF TELECOMMUNICATIONS & INFORMATION SERVICES

City & County of San Francisco

RESOLUTION NO. 99-013

ASKING THE BOARD OF SUPERVISORS TO CONSIDER WHETHER
KALEIDOSCOPE AND THE CALIFORNIA CHANNEL PROGRAMMING SHOULD BE
REMOVED FROM THE AIR OR RELOCATED TO CHANNEL 52 OR CHANNEL 54 IN
ORDER TO MAKE IT POSSIBLE FOR THE SAN FRANCISCO COMMUNITY
TELEVISION CORPORATION (SFCTC) TO AIR PUBLIC ACCESS PROGRAMMING
ON CHANNEL 53, 24 HOURS A DAY.

WHEREAS, the San Francisco Cable Television Franchise gives the City three
cable access television channels and these channels are currently devoted to: Public
Access (Channel 53), Educational Access (Channel 52) and Governmental Access
(Channel 54), otherwise known as the PEG channels; and

WHEREAS, the Public Access channel, which is currently managed by
Telecommunications Incorporated (TCI), creates an opportunity for individual residents,
amateur producers, and community organizations to produce and/or air programs on
any topic on cable television Channel 53; and

WHEREAS, the City has authorized the San Francisco Unified School District
(SFUSD) and the Community College of San Francisco District (CCSF) to cooperatively
manage and operate the Educational channel which airs telecourses, CCSF Board of
Trustees meetings, campus news shows and other educational programming on cable
television Channel 52; and

WHEREAS, the Government channel currently airs programming regarding City
business and services, including live cablecasts of the Board of Supervisors meetings
and various committee and commission meetings on Citywatch, cable television
Channel 54; and

WHEREAS, between the hours of 5:30 a.m. and 3:30 p.m., Monday through

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DEPARTMENT OF TELECOMMUNICATIONS & INFORMATION SERVICES

City & County of San Francisco

RESOLUTION NO. 99-013

Friday, the Public Access Channel 53 currently carries non-Public Access programming, which includes: *Kaleidoscope*, a commercial program which is geared towards issues involving persons with disabilities and is aired between the hours of 5:30 a.m. to 8:30 a.m. and the *California Channel*, a governmental program, which primarily provides live cablecasting of the California State Legislature meetings and is aired between the hours of 9:00 a.m. and 3:30 p.m.; and

WHEREAS, Section 27.3 of the San Francisco cable television franchise provides for the transfer of management of the Public Access channel to a non-profit organization, designated by the Board of Supervisors; and

WHEREAS, the Board of Supervisors has designated SFCTC as the non-profit corporation to manage the Public Access television channel; and

WHEREAS, the Department of Telecommunications and Information Services (DTIS) and the Telecommunications Commission expect that management of the Public Access channel will be transferred from TCI to the SFCTC in the near future, and DTIS and the Commission are working on a recommended budget to provide funding to the SFCTC for these purposes; and

WHEREAS, the SFCTC wishes to offer Public Access programming on Channel 53, 24 hours a day, which would displace *Kaleidoscope* and the *California Channel*; and

WHEREAS, both *Kaleidoscope* and the *California Channel* provide programming which may be of interest to citizens of the City and County of San Francisco; and

WHEREAS, TCI has indicated that they do not intend to provide a slot for *Kaleidoscope* or the *California Channel* on any of its commercial cable channels and the City has no authority to require TCI to move this programming to another channel; and

DEPARTMENT OF TELECOMMUNICATIONS & INFORMATION SERVICES

City & County of San Francisco

RESOLUTION NO. 99-013

1 WHEREAS, offering Public Access programming on Channel 53, 24 hours a
2 day, could result in *Kaleidoscope* and the *California Channel* programming becoming
3 unavailable to San Francisco residents; and

4 WHEREAS, because both the Board of Supervisors meetings and the California
5 Legislature meetings are cablecast live and are both held during regular business
6 hours, it is not feasible to carry California Channel programming on the Government
7 channel without displacing live coverage of the Board of Supervisors meetings; and

8 WHEREAS, the SFUSD and the CCSF prefer not to carry *Kaleidoscope* or the
9 *California Channel* on the Education channel because programming schedules are
10 established one year in advance to accommodate telecourses curriculum scheduling
11 and other educational programming; and

12 WHEREAS, *Kaleidoscope* programming could be relocated to either Channel 52
13 or Channel 54 without disrupting currently scheduled programming; and WHEREAS,
14 the Commission is reviewing operating budgets proposed by the SFCTC to advance to
15 the Mayor and the Board of Supervisors; and

16 WHEREAS, the SFCTC's proposed operating budget exceeds funds available
17 from grants provided by TCI and the Commission may recommend that the Mayor and
18 the Board of Supervisors appropriate additional general fund monies for Public Access;
19 and

20 WHEREAS, the amount of the Public Access operating budget and any general
21 fund spending that may be recommended will, in some part, depend upon the number
22 of programming hours provided on a daily basis; and

23 WHEREAS, *Kaleidoscope* and the *California Channel* programming would be
24 displaced if SFCTC were to air Public Access programming 24 hours a day on Channel

DEPARTMENT OF TELECOMMUNICATIONS & INFORMATION SERVICES

City & County of San Francisco

RESOLUTION NO. 99-013

53 unless the Board of Supervisors requires the programming to be relocated to
Channel 52 or Channel 53; now, therefore be it

RESOLVED, that the Telecommunications Commission and DTIS ask the Board
of Supervisors to consider whether *Kaleidoscope* and the *California Channel*
programming should be removed from the air or relocated to Channel 52 or Channel 54
in order to make it possible for the SFCTC to air Public Access programming on
Channel 53, 24 hours a day.

Approved by the Telecommunications Commission:


Ayes: 4 – Ellington, Jackson, Engel, Lira

Nays: None

Abstention: 1 - Masaoka

I hereby certify that the foregoing resolution as amended was approved by the San
Francisco Telecommunications Commission.

4.26.99



Date Approved

Kim B. Weisman, Commission Secretary

Department of Telecommunications and Information Services
City and County of San Francisco

NOTICE
SPECIAL MEETING
OF THE

DOCUMENTS DEPT.

MAY 14 1999

SAN FRANCISCO
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TELECOMMUNICATIONS COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Tuesday, May 18, 1999, 6:00 PM
City Hall

1 Dr. Carlton B. Goodlett Place, Room 263

Please note time and change of location for this meeting only.

AGENDA

1) CALL TO ORDER AND ROLL CALL

E. David Ellington, President
Ernest Jackson, Vice President
Commissioner Bonnie Engel
Commissioner John Lira
Commissioner Jan Masaoka

2) PUBLIC ACCESS

- i) Public Access Working Group Presentation.
- ii) Feedback regarding presentation from Public Access Producers and other members of the public (See attached.)

3) PUBLIC COMMENT

4) ADJOURNMENT

SUNSHINE ORDINANCE

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. The Sunshine Ordinance assures that deliberations are conducted before the people and that City operations are open to the peoples' review. For more information on your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code) or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force at 554-6083.

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Telecommunications Commission City and County of San Francisco

Public Access Transfer Issues

Background

In 1997, the City obtained the right to transfer management of the Public Access Cable Television Channel from TCI to the San Francisco Community Television Corporation (CTC.) Since then, TCI has continued to operate Public Access at 1855 Folsom Street while the City and the CTC looked for a new site for Public Access.

The Mayor recently agreed to make Brooks Hall (located in the Civic Center) available to house a Public, Education and Government (PEG) access television production facility as part of the Mayor's Center for Advanced Technology (MCAT.) However, it will take between two and three years to develop the Brooks Hall studio. Until Public Access services can be provided in Brooks Hall, the City and CTC are considering several sites from which the CTC could provide interim Public Access Channel services.

Summary of Services and Alternatives

There are several kinds of public access services that the CTC proposes:

- | | | |
|-----------------------|--------------------------|-----------------------------|
| 1) Administration | 5) Editing | 9) Production Assistance |
| 2) Community Outreach | 6) Equipment Maintenance | 10) Flash Studio Production |
| 3) Training | 7) Playback | 11) Main Studio Production |
| 4) Equipment Checkout | 8) Internship | |

Transferring responsibility for Public Access services to the CTC within two to three months from today may require locating them in two or three separate locations. The Telecommunications Commission is considering these options:

Option A – CTC would provide most of the above services in office space at 25 Van Ness Avenue (near Market Street.) Large studio production and possibly Playback Services would remain at the existing Public Access Studio at 1855 Folsom. Target Date for transfer of management would be within a few months.

Possible outcomes:

1. Studio may be moved from 1855 Folsom Street to an Oak Street building next door to 25 Van Ness in Spring of 2000; or
2. Large studio production may become temporarily unavailable if the 50 Oak Street site is not feasible and if 1855 Folsom Street is not available beyond Spring 2000.

Option B – Pursue space at 50 Oak Street for all seven services.

Possible outcomes:

1. All services will be provided at one site in approximately six to nine months;
2. This could cause considerable delay to the relocation of services and/or affect the transfer of management from TCI to the CTC; or
3. If 50 Oak Street is not feasible, Public Access may remain at TCI indefinitely until an alternative site is located or until Brooks Hall becomes available.

The Commission requests your thoughts and comments on these options. Your input will assist us in the decision making process so that we can move forward with providing San Franciscans with quality Public Access broadcasting capabilities under the management of CTC.

The Next Steps

CTC's requested operating budget exceeds available funding. While it is possible that the City may provide CTC with additional funding, there may be funding shortfall. In order to make the most of available funds we are seeking input on service priorities.

Attached is a comparison of current services provided by TCI and proposed services to be provided by CTC.

Please fill out the attached questionnaire and bring it to the special meeting of the Telecommunications Commission on May 18, 1999 (See attached agenda) or mail it to be received no later than May 28, 1999 to: Telecommunications Commission, 875 Stevenson, 5th Floor, San Francisco, CA 94103-0948. If you have any questions, please call 415/554-4443.

CTC Proposed Services and Programs	Current TCI Service Levels
<p>Outreach: Design activities to assure broad participation representative of San Francisco's diverse community. Target services to (3) under-served groups/communities annually. Conduct (6) on-site Orientation meetings annually with a local community-based non-profit. Conduct (3) on-site field production trainings per year. Identify (12) community sites to maintain public access marketing materials. Develop (3) public service announcement videos and (6) text/graphics messages about the Public Access Channel services. Establish liaisons with (3) community-based print media for collaborative promotion/article placement. Hold (4) PSA Days for non-profits annually.</p>	<p>Outreach (5) groups per year invited in for specific in-studio training, (5) on-site field production trainings per year, (3) staff or intern produced video public access public service announcements cablecast on the channel for self promotion per year. Quarterly newsletter for public access clients.</p>
<p>Training: Provides courses entitled: Orientation, Media Literacy/Producers, Field Production, Main Studio, Flash Studio, Cuts-Only Basic Editing, Multi-Format Editing, Computer Graphics. Improved training in both studio and field production, including for directing, audio, and set lighting. Given limited resources, the goal isn't to train more people per year, but to give better quality training to those who use the facility. Annual Totals: courses per year, 144; Hours instruction per year, 948; Enrollments per year, 936.</p>	<p>Training: Provides courses entitled: Policies and Procedures, Producers Workshop, Remote Workshop, Studio Workshop, Editing Workshop, Computer Graphics, Other Specialty Workshops. Annual Totals: Courses per year, 88; Hours instruction per year, 420; Enrollments per year, 930.</p>
<p>Equipment Checkout - (4) Packages available for 24-hour client use. - Potential of 1200 individual production uses per year. - Potential of 28,000 hours of checkout per year. - (1) Additional package in reserve as a back-up (during repair of packages).</p>	<p>Equipment Checkout (2) Packages available for 24-hour use. -Potential of 710 individual production uses per year. -Potential 17,040 hrs checkout annually.</p>
<p>Editing - Cuts-Only Basic Editing with Graphics available to the public 80-hrs. per wk. - Digital Editing with Graphics available to the public 80-hours-a-week.</p>	<p>Editing - Cuts-Only Basic Editing with Graphics available to the public 84-hrs per week.</p>
<p>Playback Up to 24-hours-a-day public access presence on the channel, including Community Bulletin Board service (depending upon weekday availability).</p>	<p>Playback Average of 16.50 hours a day public access related programming.</p>
<p>Production Assistance: One-on-one dedicated assistance and mentoring available during all hours of operations in the production areas of: main studio production, editing (Interformat), editing (cuts only), field production, flash studio. <i>Production Assistants</i> will also be assigned to mentor specific producers: having regular communication with producers, from production proposal reviews, pre-production planning, training signups, equipment reservations, crew recruitment, editing planning and follow through, program scheduling, and promotion.</p>	<p>Production Assistance No dedicated assistance or mentoring offered.</p>
<p>Flash Studio: A self-contained, automated small studio allows a 1 or 2 person self-operated set, (not requiring a production crew) allows for quick and easy recorded or live production. (20) 30 min., 60 min., and 90 min. production blocks available per week, for 1 or 2 person talking-head shows.</p>	<p>Flash Studio None.</p>
<p>Main Studio Studio available 56 hours a week, including training use: M-F, 2p-10p; Sat, Sun 2p-10p.</p>	<p>Main Studio: Studio available 61.5 hours a week, including training use: M-F, 2:30p-10p; Sat, Sun 10a-10p.</p>
<p>Internship: (2) full-time equivalents recruited and managed, consisting of 6 to 8 individuals, 10 to 15 hours per week each, for 3-month commitments, for a total of 24 to 32 individuals per year.</p>	<p>Internship: (1) ¼-FTE. No recruitment. Average of 5 individuals. Duties are limited to channel playback.</p>

Public Access Questionnaire

Please fill out the following questionnaire and bring to the special Telecommunications Commission meeting on Tuesday, April 18, 6:00 p.m., City Hall, 1 Dr. B. Goodlet Place, Room 263. If you cannot attend, please mail questionnaire to be received no later than May 28, 1999 to: Telecommunications Commission, 875 Stevenson, 5th Floor, San Francisco, CA 94103-0948. If you have any questions, please call 415/554-4443. If you need more space for comments, please attach additional sheet(s) to the questionnaire.

1. Training: What are your training needs and how important is training to you?

Comment:

2. Equipment Lending: How important to you and your productions is the ability to borrow remote production gear?

Comment:

3. Editing: How important to you is the availability of additional and improved editing equipment? Would you use editing equipment located at 25 Van Ness if the studio remained at 1855 Folsom?

Comment:

4. Community Outreach: Do you believe that Community Outreach is a service important to the success of the Public Access Channel?

Comment:

5. Studio Production

- Main Studio: Do you care if large studio production remains at the 1855 Folsom studio and all other services, including editing, are provided at a different location?

Comment:

- Flash Studio: The CTC has proposed to create a Flash studio (See Proposed and Current Services Document.) How would the addition of a Flash Studio benefit you and your productions? Would a flash studio accommodate your productions? Would you use it?

Comment:

- Production Assistance: How important to you is dedicated technical assistance during production and post production work?

Comment:

6. Internship Program: How important to your production is the availability of Interns?

Comment:

7. Playback: Currently, Playback is located at 1855 Folsom with the Main Studio. It is possible that Playback could be moved to 25 Van Ness (Civic Center.) Do you care if Playback is moved away from the production studio?

Comment:

8. Which of the above services is most important to you?

Comment:

Please comment on the options for interim facilities for Public Access interim facilities:

Option A –

CTC would provide most of the above services in office space at 25 Van Ness Avenue (near Market Street.) Large studio production and possibly Playback Services would remain at the existing Public Access Studio at 1855 Folsom. Target Date for transfer of management would be within a few months.

Possible outcomes:

1. Studio may be moved from 1855 Folsom Street to an Oak Street building next door to 25 Van Ness in Spring of 2000; or
2. Large studio production may become temporarily unavailable if the 50 Oak Street site is not feasible and if 1855 Folsom Street is not available beyond Spring 2000.

Comment:

Option B – Pursue space at 50 Oak Street for all seven services.

Possible outcomes:

1. All services will be provided at one site in approximately six to nine months;
2. This could cause considerable delay to the relocation of services and/or affect the transfer of management from TCI to the CTC; or
3. If 50 Oak Street is not feasible, Public Access may remain at TCI indefinitely until an alternative site is located or until Brooks Hall becomes available.

Comment:

Thank you for participating in this questionnaire. Your comments will reviewed by the Telecommunications Commission.

Department of Telecommunications and Information Services
City and County of San Francisco

99-05-18P04:20 REV0

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MAY 18 1999

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**SPECIAL
NOTICE**

**REGULAR MEETING OF THE
TELECOMMUNICATIONS COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

Monday, May 24, 1999, 5:30 PM
City Hall

1 Dr. Carlton B. Goodlett Place, Room 400

Pursuant to the requirements set forth in Section 4.104 of the San Francisco Charter, the San Francisco Telecommunications Commission provides the following notice.

At the May 24, 1999 regularly scheduled meeting of the Commission, the Commission will address the following subject:

- The Rules and Regulations for Processing Open Video System (OVS) Franchise Applications.

A proposed draft of the Rules and Regulations will be available on May 21, 1999. The Commission may propose amendments to the proposed draft at the meeting and may adopt such rules and regulations in a resolution. You can obtain a copy of the proposed draft by visiting the Commission web site (www.ci.sf.ca/telecommunications_commission) or the Government section of the Main Library, or by contacting the Commission Secretary, Kim Weisman, at 415/554-4443.

SUNSHINE ORDINANCE

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Please make your request for reasonable accommodations at least 72 hours in advance of any public meeting or hearing.

Department of Telecommunications and Information Services
City and County of San Francisco

NOTICE
REGULAR MEETING OF THE
TELECOMMUNICATIONS COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

Monday, May 24, 1999, 5:30 PM
City Hall
1 Dr. Carlton B. Goodlett Place, Room 400

AGENDA

99-05-25P12:26 RCVD

1) CALL TO ORDER AND ROLL CALL

E. David Ellington, President
Ernest Jackson, Vice President
Commissioner Bonnie Engel
Commissioner John Lira
Commissioner Jan Masaoka

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2) APPROVAL OF THE MINUTES

- Adoption of the Minutes of April 26, 1999 regular meeting
- a) Comment
- b) Public Testimony

3) COMMUNICATIONS

- See attached description of correspondence
- a) Comment
- b) Public Testimony

4) DIRECTOR'S REPORT

- a) Comment
- b) Public Testimony

5) OLD BUSINESS

- a) Public Access Working Group Report
 - i) Comment
 - ii) Public Testimony
- b) Telecommunications Plan Update
 - i) Proposed Annotated Outline for Telecommunications Plan
 - ii) Review of Timeline for Developing the Telecommunications Plan
 - (1) Comment
 - (2) Public Testimony

6) NEW BUSINESS

- Rules and Regulations for Processing Open Video System (OVS) Franchise Applications (Action Item)
- Proposed Resolution

APPROVING AND ADOPTING PROPOSED COMMISSION RULES AND REGULATIONS FOR PROCESSING OPEN VIDEO SYSTEM (OVS) FRANCHISE APPLICATIONS, REQUESTING THAT THE SECRETARY FILE THE RULES AND REGULATIONS WITH THE CLERK OF THE BOARD OF SUPERVISORS, AND REQUESTING THE DIRECTOR TO INITIATE A COMPETITIVE PROCESS FOR AWARDING OVS FRANCHISES BY ISSUING A REQUEST FOR PROPOSALS (RFP) TO SOLICIT FRANCHISE APPLICATIONS.

- a) Comment
- b) Public Testimony

7) CALENDAR MATTERS

- a) Comment
- b) Public Testimony

8) PUBLIC COMMENT

9) ADJOURNMENT

COMMUNICATIONS RECEIVED April 21 – May 14, 1999

1. Letter, dated April 23, 1999, and worksheet from TCI's Douglas Schulz, Area Director, regarding TCI's revenue growth in 1997 and 1998;
2. Letter from Ray Balberan, distributed at the April 26, 1999 Telecommunications Commission;
3. Letter and report on contract deliverables, from Zane Blaney, CEO, San Francisco Community Television Corporation (SFCTC), dated May 7, 1999, regarding the management of CityWatch by the SFCTC; and
4. Bay Area Video Coalition (BAVC) workshop calendar for June, July & August, 1999.

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DEPARTMENT OF TELECOMMUNICATIONS & INFORMATION SERVICES

City & County of San Francisco

RESOLUTION NO. 99-013

ASKING THE BOARD OF SUPERVISORS TO CONSIDER WHETHER
KALEIDOSCOPE AND THE CALIFORNIA CHANNEL PROGRAMMING SHOULD BE
REMOVED FROM THE AIR OR RELOCATED TO CHANNEL 52 OR CHANNEL 54 IN
ORDER TO MAKE IT POSSIBLE FOR THE SAN FRANCISCO COMMUNITY
TELEVISION CORPORATION (SFCTC) TO AIR PUBLIC ACCESS PROGRAMMING
ON CHANNEL 53, 24 HOURS A DAY.

WHEREAS, the San Francisco Cable Television Franchise gives the City three
cable access television channels and these channels are currently devoted to: Public
Access (Channel 53), Educational Access (Channel 52) and Governmental Access
(Channel 54), otherwise known as the PEG channels; and

WHEREAS, the Public Access channel, which is currently managed by
Telecommunications Incorporated (TCI), creates an opportunity for individual residents,
amateur producers, and community organizations to produce and/or air programs on
any topic on cable television Channel 53; and

WHEREAS, the City has authorized the San Francisco Unified School District
(SFUSD) and the Community College of San Francisco District (CCSF) to cooperatively
manage and operate the Educational channel which airs telecourses, CCSF Board of
Trustees meetings, campus news shows and other educational programming on cable
television Channel 52; and

WHEREAS, the Government channel currently airs programming regarding City
business and services, including live cablecasts of the Board of Supervisors meetings
and various committee and commission meetings on Citywatch, cable television
Channel 54; and

WHEREAS, between the hours of 5:30 a.m. and 3:30 p.m., Monday through

DEPARTMENT OF TELECOMMUNICATIONS & INFORMATION SERVICES

City & County of San Francisco

RESOLUTION NO. 99-013

1 Friday, the Public Access Channel 53 currently carries non-Public Access
2 programming, which includes: *Kaleidoscope*, a commercial program which is geared
3 towards issues involving persons with disabilities and is aired between the hours of 5:30
4 a.m. to 8:30 a.m. and the *California Channel*, a governmental program, which primarily
5 provides live cablecasting of the California State Legislature meetings and is aired
6 between the hours of 9:00 a.m. and 3:30 p.m.; and

7 WHEREAS, Section 27.3 of the San Francisco cable television franchise
8 provides for the transfer of management of the Public Access channel to a
9 non-profit organization, designated by the Board of Supervisors; and

10 WHEREAS, the Board of Supervisors has designated SFCTC as the
11 non-profit corporation to manage the Public Access television channel; and

12 WHEREAS, the Department of Telecommunications and Information Services
13 (DTIS) and the Telecommunications Commission expect that management of the
14 Public Access channel will be transferred from TCI to the SFCTC in the near future, and
15 DTIS and the Commission are working on a recommended budget to provide funding to
16 the SFCTC for these purposes; and

17 WHEREAS, the SFCTC wishes to offer Public Access programming on Channel
18 53, 24 hours a day, which would displace *Kaleidoscope* and the *California Channel*; and

19 WHEREAS, both *Kaleidoscope* and the *California Channel* provide programming
20 which may be of interest to citizens of the City and County of San Francisco; and

21 WHEREAS, TCI has indicated that they do not intend to provide a slot for
22 *Kaleidoscope* or the *California Channel* on any of its commercial cable channels and
23 the City has no authority to require TCI to move this programming to another channel;
24 and

DEPARTMENT OF TELECOMMUNICATIONS & INFORMATION SERVICES

City & County of San Francisco

RESOLUTION NO. 99-013

WHEREAS, offering Public Access programming on Channel 53, 24 hours a day, could result in *Kaleidoscope* and the *California Channel* programming becoming unavailable to San Francisco residents; and

WHEREAS, because both the Board of Supervisors meetings and the California Legislature meetings are cablecast live and are both held during regular business hours, it is not feasible to carry California Channel programming on the Government channel without displacing live coverage of the Board of Supervisors meetings; and

WHEREAS, the SFUSD and the CCSF prefer not to carry *Kaleidoscope* or the *California Channel* on the Education channel because programming schedules are established one year in advance to accommodate telecourses curriculum scheduling and other educational programming; and

WHEREAS, *Kaleidoscope* programming could be relocated to either Channel 52 or Channel 54 without disrupting currently scheduled programming; and WHEREAS, the Commission is reviewing operating budgets proposed by the SFCTC to advance to the Mayor and the Board of Supervisors; and

WHEREAS, the SFCTC's proposed operating budget exceeds funds available from grants provided by TCI and the Commission may recommend that the Mayor and the Board of Supervisors appropriate additional general fund monies for Public Access; and

WHEREAS, the amount of the Public Access operating budget and any general fund spending that may be recommended will, in some part, depend upon the number of programming hours provided on a daily basis; and

WHEREAS, *Kaleidoscope* and the *California Channel* programming would be displaced if SFCTC were to air Public Access programming 24 hours a day on Channel

DEPARTMENT OF TELECOMMUNICATIONS & INFORMATION SERVICES

City & County of San Francisco

RESOLUTION NO. 99-013

53 unless the Board of Supervisors requires the programming to be relocated to
Channel 52 or Channel 53; now, therefore be it

RESOLVED, that the Telecommunications Commission and DTIS ask the Board
of Supervisors to consider whether *Kaleidoscope* and the *California Channel*
programming should be removed from the air or relocated to Channel 52 or Channel 54
in order to make it possible for the SFCTC to air Public Access programming on
Channel 53, 24 hours a day.

Approved by the Telecommunications Commission:

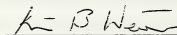
Ayes: 4 – Ellington, Jackson, Engel, Lira

Nays: None

Abstention: 1 - Masaoka

I hereby certify that the foregoing resolution as amended was approved by the San
Francisco Telecommunications Commission.

4.26.99



Date Approved

Kim B. Weisman, Commission Secretary

TELECOMMUNICATIONS COMMISSION**City & County of San Francisco****PROPOSED RESOLUTION NO. 99-014**

APPROVING AND ADOPTING PROPOSED COMMISSION RULES AND REGULATIONS FOR PROCESSING OPEN VIDEO SYSTEM (OVS) FRANCHISE APPLICATIONS, REQUESTING THAT THE SECRETARY FILE THE RULES AND REGULATIONS WITH THE CLERK OF THE BOARD OF SUPERVISORS, AND REQUESTING THE DIRECTOR TO INITIATE A COMPETITIVE PROCESS FOR AWARDING OVS FRANCHISES BY ISSUING A REQUEST FOR PROPOSALS (RFP) TO SOLICIT FRANCHISE APPLICATIONS.

WHEREAS, the Telecommunications Act of 1996 created a new federal regulatory framework for a broadband network called an Open Video System (OVS) over which a provider may offer multi-channel video services, telecommunications services, and internet access services; and

WHEREAS, a company has recently expressed interested in obtaining authority to use the public right-of-way to install facilities for the provision of OVS services; and

WHEREAS, Article XVI, Section 16:11 of the San Francisco Charter prescribes some requirements for granting franchises, including a competitive process, and that final issuance of a franchise requires approval by ordinance of the Board of Supervisors; and

WHEREAS, neither the Charter nor the City's codes establish a specific process for granting OVS franchises; and

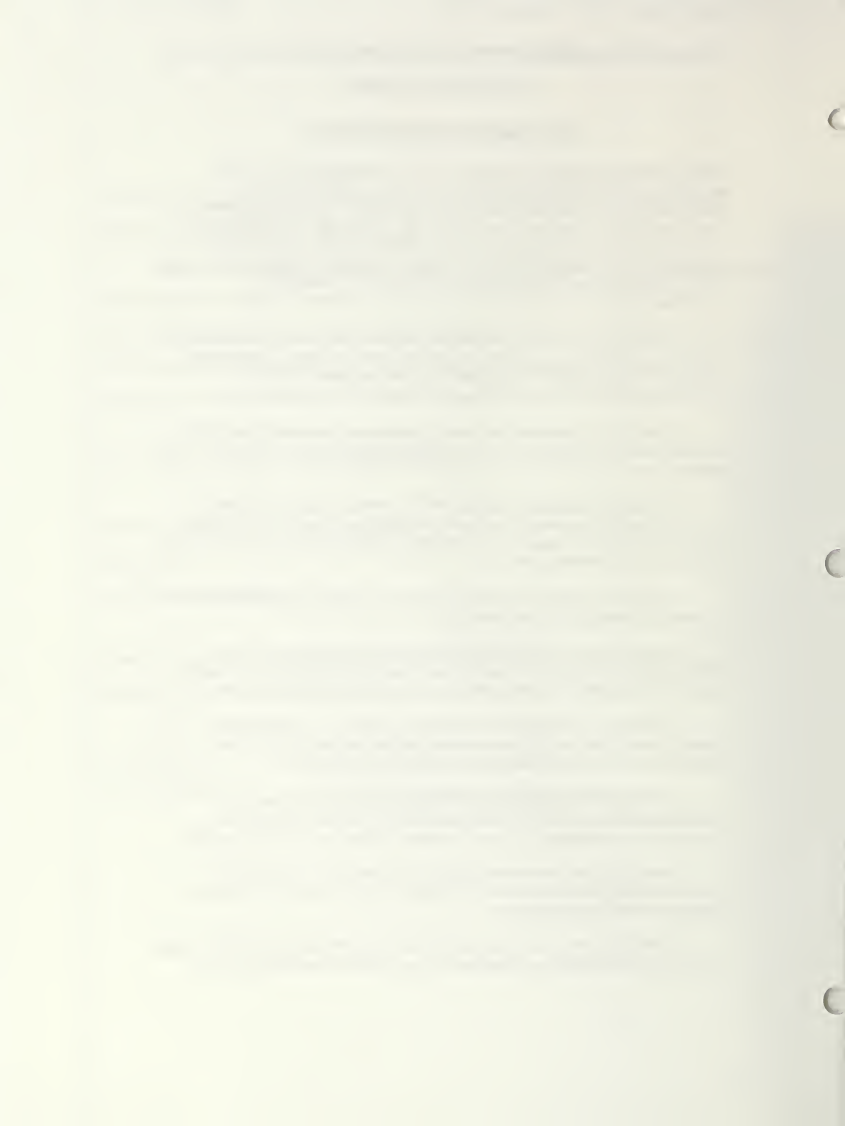
WHEREAS, it is important to establish a process for reviewing and granting applications for OVS franchises to ensure that the public has ample opportunity to comment on the provisions of any proposed franchise; and

WHEREAS, it is important to establish a process for reviewing and granting applications for OVS franchises to ensure that the City conducts appropriate review and due diligence of such applications; and

WHEREAS, it is important to establish a process for reviewing and granting applications for OVS franchises to ensure that the City receives appropriate compensation for use of the public right-of-way by OVS providers;

WHEREAS, the Telecommunications Commission is charged with establishing policies for the use and occupation of the public right-of-way for telecommunications facilities; and

WHEREAS, the attached proposed Rules and Regulations for Processing OVS Franchise Applications, balance all these interests, now therefore be it



TELECOMMUNICATIONS COMMISSION

City & County of San Francisco

PROPOSED RESOLUTION NO. 99-014

RESOLVED, that the Telecommunications Commission hereby approves and adopts the Rules and Regulations for Processing Open Video System (OVS) Franchise Applications requests that the Secretary file the Rules and Regulations with the Clerk of the Board of Supervisors, and requests the Director to initiate a competitive process for awarding OVS franchises by issuing a Request for Proposals (RFP) to solicit franchise applications.

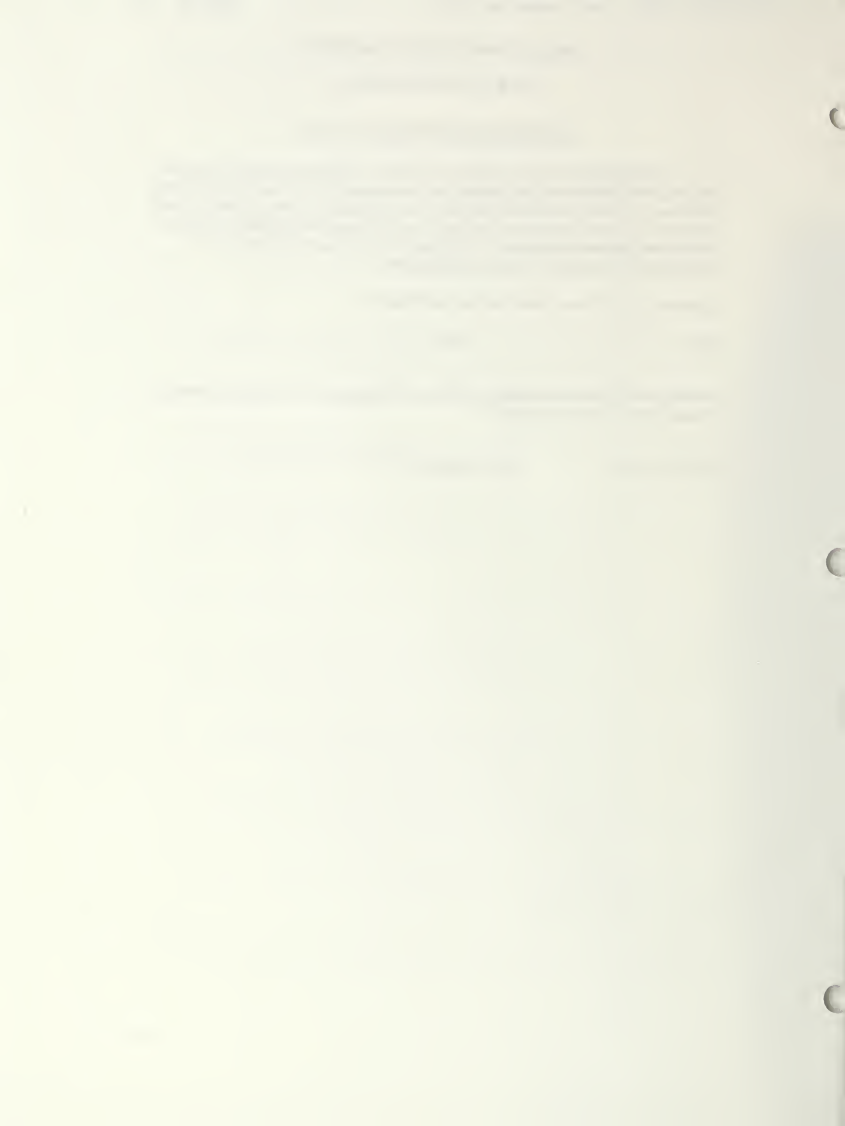
Approved by the Telecommunications Commission:

Ayes: _____ Nays: _____

I hereby certify that the foregoing resolution was approved by the San Francisco Telecommunications Commission.

Date Approved

Kim B. Weisman



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**TELECOMMUNICATIONS COMMISSION
CITY AND COUNTY OF SAN FRANCISCO**

MINUTES*

**MONDAY, MAY 24, 1999
CITY HALL**

ROOM 400

**REGULAR MEETING
5:30 P.M.**

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COMMISSIONERS

**E. David Ellington, President
Ernest Jackson, Vice President
Bonnie Engel
John Lira
Jan Masaoka**

**Julia M. C. Friedlander
ACTING DIRECTOR, DEPARTMENT OF TELECOMMUNICATIONS
AND INFORMATION SERVICES**

* Subject to the approval of the Telecommunications Commission

Order of Business

1. Call to Order and Roll Call

The meeting was called to order by President E. David Ellington at 5:30 P.M.

President Ellington called roll for the Commission.

Present: E. David Ellington, President
Bonnie Engel, Commissioner
Jan Masaoka, Commissioner

Excused

Absences: Ernest Jackson, Vice President
John Lira, Commissioner

2. Approval of the Minutes of April 26, 1999

Commissioner Masaoka made a motion, seconded by Commissioner Engel, to adopt the minutes of April 26, 1999. The Commission moved to adopt the minutes with three ayes [Ellington, Engel, Masaoka], none opposed.

- Comment: None.
- Public Testimony: None.

3. Communications

- Comment: None.
- Public Testimony: None.

4. Director's Report

- Acting Director Julia Friedlander relayed some of the Department's accomplishments on key priority projects since the last Commission meeting.

a) TCI/AT&T Merger Approval

The Public Utilities and Deregulation (PU&D) Committee asked DTIS to return to the table with AT&T to address several issues identified by Board of Supervisors President Ammiano. These negotiations are still underway, and DTIS will be reporting on these issues to the PU&D on Thursday, May 27.

b) Y2K Project Management Office (PMO)

The PMO estimates that 90% of the systems supporting mission critical services have been inventoried and expects that inventory and assessment of

all mission critical services will be completed before the next Commission meeting; this assessment is the number one priority of the PMO. The group is beginning to focus on helping departments prepare contingency plans for mission critical services.

c) Appointment

The Network Engineering division hired Valerie Griffith as Division Telecommunications Manager. She will supervise the business analysts whose task is to assist City departments with ordering and making changes to their telecommunications services.

d) Technology Learning Center

This month, the Learning Center started providing technical training to the City's Information Technology (IT) professionals, with classes on Geographical Information Systems and technical briefings on Lotus Notes, Java and Oracle.

e) Court Management System (CMS)

DTIS completed the requirements analysis for replacement of the City's unique but aging integrated information system that serves the City's seven criminal justice departments, the CMS. Using a data warehouse approach, DTIS recommended a replacement that was approved by the CMS Replacement Project Steering Committee.

f) Email Hub

The Networking Engineering Division installed a new email hub in City Hall, which enables a 10 minute delivery time (instead of the former 30 minutes) for messages sent between departments within City Hall.

g) Administration

The Administration Division convened a Policy and Procedures Task Force, made up of mid-level managers from all divisions, to begin work on creating a Department Policies and Procedures Manual.

The Administration Division successfully negotiated with the Police Department, Fire Department, ECD and the Mayor's Office for a budget for E911 technical support, which includes 25.5 new positions and 8 positions reassigned from ECD. The Mayor's Budget will be released at the end of this month and heard by the Board of Supervisors Finance Committee from June 15 through 24.

- Comment

Commissioner Masaoka inquired as to how many people in DTIS provide support to E911. Ms. Friedlander stated that she would provide a breakdown of staffing to the Commission. She briefly discussed DTIS' role as technical support to E911 and at the request of President Ellington, briefly covered the history of E911.

Commissioner Masaoka inquired about the customer service plans for DTIS. Ms. Friedlander stated that DTIS is submitting a plan to the Board of Supervisors to meet a June 1, 1999 deadline, and will provide a copy to the Commission.

Commissioner Engel asked if there was an update on the search for a permanent Director for DTIS. Ms. Friedlander stated that there was not.

- Public Testimony: None.

5. Old Business

a) Public Access Working Group Report

Deputy Director Denise Brady gave a report on the Telecommunications Commission's special meeting for Public Access issues, held on May 18, 1999. Due to a lack of a quorum of the Commissioners, the meeting was not officially called, but Commissioners Engel and Lira, and Ms. Brady, heard testimony from over 20 Public Access producers. Public comment was overwhelmingly in support of transferring management of Public Access from the cable operator to the San Francisco Community Television Corporation (SFCTC.)

The City's internal Public Access working group will be holding their next meeting on June 1, 1999, with the intent of coming to an agreement on the SFCTC's budget for Public Access and the transfer date.

- Comment

Commissioner Engel asked about the procedural follow-up on the special meeting of the Commission on June 9, 1999, when the Commission will discuss and hear testimony on the proposed resolutions about the budget for SFCTC and the transfer date.

Ms. Friedlander informed the Commission that the resolutions, if approved by the Commission, will be addressing funding the Public Access program in the regular fiscal year 1999-2000 budget process of the Board of Supervisors.

At the request of Commissioner Masaoka, Commissioner Engel gave an overview of the May 18 special Commission meeting.

- Public Testimony

Sybil Boutilier, Telecommunications Infrastructure Partnership, stated that it is time to move on with the budget.

Wayne McIntosh stated that it was important to meet before June 9, 1999 because there are a lot of exciting shows coming up.

Ellison Horne, President, Board of Directors, SFCTC, wanted to echo the positive comments about the May 18 special meeting of the Commission and commended Ms. Brady on her skills of chairing the meeting. He stated that SFCTC is eager to take over management of Public Access.

b) Telecommunications Plan Update

Ms. Brady presented and reviewed the Telecommunications Plan Update (attached), including the proposed annotated outline and the timeline for developing the telecommunications plan. For each chapter the plan includes an opening vision statement, research methodology, place holder for research finding and principles and corresponding actions for those principles. Ms. Brady also reviewed the public participation proposal.

- Comment

President Ellington commented on the plan and stated that a more detailed report will be presented when the survey results and research findings are completed. He briefly reviewed the three chapters of the plan.

Commissioner Engel requested a glossary defining the terms in the plan. Ms. Brady stated that DTIS would develop a section of definitions.

Commissioner Engel inquired as to how outreach would be conducted for the general public and how they would be educated about the plan. Ms. Brady stated that an assessment will be done by DTIS to determine what efforts need to be made to bring the public to the same level of information.

Commissioner Masaoka asked about having a process put in place for getting more input from DTIS customers and the general public, regarding City and County delivery systems to the citizenry. Ms. Brady stated that some of this information would come from the needs assessment, but that DTIS would work on an expanded plan for feedback from the general public. Commissioner Engel asked that educational institutions be included in feedback.

President Ellington stated that the next internal City working group will be held on June 8 at 9:00 a.m. Commissioner Masaoka asked for a revised timeline prior to this meeting.

- Public Testimony

Sybil Boutilier congratulated everyone on moving this plan forward and said that it is important to get diverse feedback from the community. She asked that the Telecommunications Infrastructure Partnership be included in feedback.

Steve Zeltzer, Labor Video Project, was concerned about the fact that there is no plan about turning over the infrastructure to the public and would like the City to take over management of the cable system.

6. New Business

- Rules and Regulations for Processing Open Video System (OVS) Franchise Applications (Action Item)

President Ellington read the title of the Proposed OVS Resolution for the television viewing public.

Ms. Friedlander provided background on the OVS Franchise Application process.

In order to provide the public with more time to review the OVS materials, Commissioner Masaoka made a motion, seconded by Commissioner Engel, to continue this item to a special meeting of the Telecommunications Commission to be held on June 9, 1999, Committee Room 263, City Hall, 5:30 p.m. The Commission moved to adopt the motion with three ayes [Ellington, Engel, Masaoka], none opposed.

- Comment

Commissioner Engel asked why OVS needed a franchise. Ms. Friedlander replied that there needs to be a legal instrument that authorizes an entity to make a pervasive use of the public rights-of-way, and typically those agreements have been in the form of franchises. She stated that the exception to this rule is for telephone corporations, who under state law have use of the streets for phone service without a franchise agreement. OVS is a subscription-based service and is a potential competitor to TCI, and in theory can carry data and voice. OVS will be similar to a cable franchise in that part of the gross revenues will be paid as a franchise fee.

Commissioner Masaoka asked how these rules compare to other cities' agreements. Ms. Friedlander stated that while there are not many that exist, DTIS has examined other cities agreements as examples.

- Public Testimony

David Hankin, Vice-President of Government and Regulatory Affairs, RCN, stated that his company is an OVS provider and a competitor to TCI. They are

delighted to be coming to San Francisco to provide residential services and look forward to working with the City on developing the OVS rules.

7. Calendar Matters

President Ellington reviewed the date of the special meeting and requested that DTIS decide if additional special meetings or public forums needed to be held by the Telecommunications Commission.

Ms. Brady reviewed what will be discussed at the meeting, which should include: a resolution regarding Public Access' budget and date of transfer of management; a resolution regarding OVS rules and regulations; and a report on the findings of the Public Access questionnaire.

- Comment

Commissioner Masaoka asked for information on whether there are any micro-radio stations operating in San Francisco. Ms. Friedlander stated that DTIS would find out that information and report back to the Commission.

- Public Testimony

Wayne McIntosh asked if there were any meetings to discuss SFCTC taking over Public Access prior to the June 9 meeting. Ms. Friedlander replied that a meeting of the internal Public Access working group will be held prior to the June 9 meeting.

8. Public Comment

Mike Freeman asked how many private entities are allowed to dig up City streets and if analysis has or will be done by the City prior to awarding contracts.

Wayne McIntosh, Independent Producer, asked if Public Access will receive additional grant monies from the new cable companies in San Francisco.

9. Adjournment

President E. David Ellington adjourned the meeting at approximately 7:30 p.m.

Respectfully submitted,

Kim B. Weisman, Commission Secretary

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